FINANCIAL TIMES

No. 29,688 · Saturday July 27 1985 · UK 35p U.S.A. $1.00 Canada C$1.00 Bermuda $1.50

WORLD NEWS

Protests at Dartmoor road plan

Transport Secretary Nicholas Ridley met protests from Labour MPs after he announced approval of a by-pass for Okehampton, Devon, across part of the Dartmoor national park.

His decision went against a report by a joint committee of both Houses of Parliament which recommended a route avoiding the moor.

Tory MPs from the west of England backed Mr Ridley, saying the traffic bottleneck in the town was a serious obstacle to movement to the West Country. Page 4

Social workers strike

Almost 600 social workers and support staff went on strike in protest at the decision by Lambeth Council in south London to take disciplinary action against staff before an inquiry into the case of Tyra Henry, whose father was jailed for her murder.

Wine tests ordered

Tests have been ordered by the Government on wines from West Germany, Yugoslavia, Hungary and Bulgaria, alongside the Austrian wines which sparked the scare over contamination with an antifreeze chemical. Wine scandal, Page 7

Daily Mail print move

Associated Newspapers, publishers of the Daily Mail and Mail on Sunday, has brought forward the building of a £100m printing complex to meet the challenge of newspaper publisher Eddie Shah and other Fleet Street competitors planning to improve their technology. Back Page

Police corruption probe

Allegations of corruption involving the Greater Manchester Police are under investigation. The inquiry is believed to concern lorry hijackings over the past five years.

'Dr Death' recaptured

Police recaptured runaway prisoner Sidney Noble—nicknamed Dr Death—after a firm of estate agents in Woking, Surrey, reported that a man fitting his description was inquiring about a house.

Union seeks ballot fund

The British Association of Colliery Management joined two other unions, the AUEW and the EETPU, in deciding to apply for state funds for postal ballots in defiance of TUC policy. Page 5

Tax scheme expanded

The scheme by which art works can be offered in lieu of tax has been expanded with the announcement that the cost of important works can be absorbed by drawing on the Government's public expenditure reserve. Page 3

Uganda army revolt

Uganda radio confirmed reports of a rebellion within the army against President Milton Obote. Page 2

Sikhs call off protests

Sikh leaders called off a three-year campaign for greater autonomy and ratified an agreement with Indian Prime Minister Rajiv Gandhi. Background, Page 2

Liverpool fans cleared

Liverpool supporters John Awork, 30, and George Davis, 33, were acquitted in Brussels of attacking a Belgian and stealing his wallet before the European Cup Final riot at the Heysel stadium.

Two jailed for spying

An East German court jailed two West Germans for 13 and seven years on charges of spying.

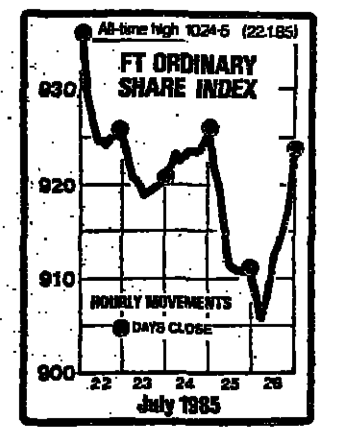
BUSINESS SUMMARY

200,000 new accounts for Midland

MIDLAND BANK has attracted more than 200,000 new accounts since it introduced free banking for customers in credit last December — more than twice the number it had hoped for by the end of next year. Back Page

CHINA is to raise bank interest rates to restrain excessive growth and prevent economic destabilisation resulting from rapidly expanding trade links with the West. Back Page

EQUITIES rebounded when prospects for another small reduction in bank base lending rates brightened. Values improved during the afternoon



with upward momentum increasing in the after-hours' trade. The FT Ordinary Index closed 13.1 up at 924.1; on the week it was 11.3 down. Page 12

DISSIDENT shareholders in Chloride, battery maker, won a short-lived victory when their leader, Dr Maurice Gillibrand, was voted onto the board by a show of hands at the annual general meeting. A second count overturned the result. Back Page

SINGAPORE unveiled a S$450m (£212.6m) package of trouble-shooting measures to push the economy back on course after second quarter figures showed unprecedented zero growth. Page 2

SOVIET oil production sank to 295m tonnes in the first half, 4 per cent outside the state's target for the troubled industry. Page 2; Daily value of North Sea oil output falls 18 per cent, Page 3

POST OFFICE made record profits of £133.7m on mail and counter business and £18.8m at National Girobank in the year ended April 3. Page 4

SIR IAN MORROW, head of the independent underwriting agency which is to manage the affairs of 1,525 Lloyd's members facing £130m insurance losses, warned members they may face further cash losses next year. Page 4

FORD MOTOR, second biggest U.S. car maker, reported second quarter earnings down to $698.7m (£496.05m) from $909.1m on revenues of $13.8bn, against $14.1bn.

LTV, third biggest U.S. steel group, saw its second quarter net loss widen sharply from $22.7m (£16.11m) to $472.3m. Sales rose to $2.11bn from $1.58bn. The loss includes a $400m special charge.

BHP, Australia's biggest company, reported record net profits of A$752.6m (£381.7m) for the year ended May. Dividend is going up 6 cents to 27.5 cents a share on increased capital. Page 9

AETNA LIFE and Casualty, largest investor-owned U.S. insurance group, more than doubled operating net profits to $100m (£70.99m) in the second quarter. Page 9

LEX SERVICE, vehicle and electronic parts distribution group, announced an interim taxable profit of £7.9m, adrift of last year's comparable £26.9m. Page 8; Lex, Back Page

Bank of England cuts dealing rate to push clearers down ½ point

BY MAX WILKINSON AND MARGARET HUGHES

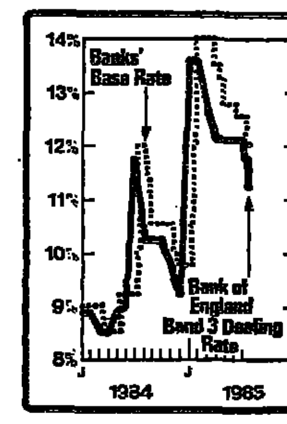
THE Bank of England hoisted a signal yesterday to indicate that it wants another half of a percentage point cut next week in thecost of borrowing from the banks.

The Bank acted to push clearing bank base rates down to 11½ per cent, as two more building societies announced cuts in their home loan rates for new borrowers. The two societies, the National & Provincial and the Britannia, also abolished their differentials, whereby they were charging more for larger mortgages. The cuts followed the lead of the two largest societies, the Halifax and the Abbey National, given on Thursday. The moves set a mortgage rate of 13.25 per cent for new borrowers from four of the largest societies—a cut of ¾ of a percentage point.

The Bank cuts its dealing rates—at which it supplies cash to the banking system—by half a percentage point and obviously expects the clearing banks to cut their base rates on Monday or Tuesday.

This would be the second cut in two weeks and could bring base rates down to 2½ percentage points below the peak reached in January, after the last sterling crisis.

The authorities have been encouraged to push interest rates downwards by the strong



Editorial Comment, Page 6
Money Markets, Page 11
China raises interest rates, Back Page
Lex, Back Page
Lower mortgage rates for first-time buyers, Weekend FT VI

performance of sterling against continental European currencies, as well as against a weakening dollar.

The move yesterday, however, caught the City by surprise, mainly because Mr Nigel Lawson, the Chancellor, has recently stressed his desire to keep interest rates at a high enough level to maintain downward pressure on inflation.

The London Stock Exchange took heart from the Bank's move, with Government or gilt-edged stock prices rising by up to ½-point, and the equity market rebounding after its sharp falls on Thursday.

On European foreign exchange markets, sterling retained its recent firmness, helped by continuing adverse sentiment against the dollar. At the close of trading in London, the pound was comfortably above the $1.4 barrier and finished 30 points down on the day, at $1.408.

The Bank of England's sterling index against a trade-weighted basket of currencies closed at 84.2 (1975=100), up 0.1 from Thursday, the close was 17.6 per cent higher than the average for January, but about the same as its average level in 1983.

In 1983, however, the pound was 8 per cent higher than at present against the dollar, and 4 per cent lower against the D-Mark.

For the time being the UK authorities' strategy is evidently to lead interest rates cautiously lower in an effort to maintain the pound at around its present overall value. They want to

Continued on Back Page

Britoil profits forecasts down £5m as sale nears

BY STEFAN WAGSTYL

BRITOIL, THE world's biggest oil exploration company, has cut its forecast of net profits for 1985 by £5m to £185m, just days before the Government is expected to sell its remaining 49 per cent stake in the company.

It blames the cut in the £190m forecast published in its pathfinder prospectus two weeks ago, on the fall in the sterling price of oil, caused by the appreciation of the pound against the U.S. dollar.

The new figure, to be included in the formal offer for sale document, assumes an average price of oil for the second half of 1985 of £19 a barrel, against an original estimate of £20.

City reaction last night was that the change would make little difference to the share sale, which is widely expected to take place on Tuesday. Britoil shares closed 4p up at 207p on the London stock exchange yesterday.

One oil analyst said the company was "covering its back" against possible suggestions that it had ignored the movements in sterling in the last two weeks. Since pathfinder was published on July 12, the pound has risen on foreign exchange markets from $1.37 to $1.408, where it closed in London last night.

Following a board meeting yesterday, Britoil said that, other things being equal, for every £1 movement up or down in the average sterling cost of oil in the second half, there would be a corresponding change in after-tax profit of £5m to £8m. There is no change to the forecast dividend total of 13p a share for 1985.

Despite the hiccup, the company and the Government have enjoyed a smoother run-up than expected to next week's issue. On Thursday, the Organisation of Petroleum Exporting Countries ended its Geneva meeting with agreement on modest price cuts—a decision which had already been well discounted

Oil traders say that spot oil market rates should, in the short-term, remain firm because refiners' stocks are low. They had run down stocks lest the Opec meeting break up without agreement, pushing prices down. Yesterday, August Brent closed 5 cents up at $27.05 on the Rotterdam spot market.

This firmness contrasts with the mood which prevailed when Britoil was floated on the stock market in 1982. The issue at 215p a share flopped after leading Opec ministers made gloomy statements about the oil price.

The Government has yet to fix a price for next week's offer but the City generally expects a discount of some 10 per cent to the market price. Yesterday, Lazard Brothers, its financial adviser, said investors would be allowed to pay for shares in two instalments—100p payable on application and the rest three months later. The minimum application would be for 200 shares.

The Government hopes to raise £500m from the sale, the latest stage of its privatisation programme. Following the debacle of the original flotation it is more than usually keen that the issue should be seen as a success both in the City and at Westminster.

Fears over S. Africa hit rand

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S foreign exchange markets came under the spotlight yesterday as the rand fell sharply, dropping at one stage by 6.6 per cent to a record low of 47.0 U.S. cents, before recovering to 48.7 cents for a fall of 1.3 cents over the day.

Market observers said the falls showed further investor concern as police arrests continued and while the situation in South Africa was under discussion at the United Nations in New York .

There was speculation in foreign exchange markets that could continue next week. It has already carried the South African currency down from around 53 cents before the state of emergency was declared a week ago.

Observers noted, however, that South Africa's foreign exchange markets, which were significantly deregulated in February 1983, had shown themesives capable of absorbing the strains of sharp changes in sentiment about the currency.

South African reserve bank policy is to allow relatively free shifts in the exchange rate —a managed float—to accommodate movements in demand. The bank wil not intervene to reverse fundamental trends but acts to damp sharp, short-term fluctuations.

The Bank was largely absent from the market on Monday and Tuesday, when there was moderate selling of South African shares by non-residents. The trend strengthened on Wednesday and Thursday, however, and had a spill-over effect which pushed the rand lower. The Bank entered the market and sold a conservatively estimated $100m to aid the currency. By yesterday morning the bank's presence as a seller of dollars was much smaller.

Dealers say the past week's decline in the rand is not a fair indication of the outflow of foreign investment funds. Much of the decline, said dealers, had been caused by importers, who had wanted to delay their foreign payments, switching to covering forward their commitments, while exporters, conversely, shifted to lagging positions.

In the black townships yesterday, police arrested a further 115 people, bringing to 910 the number detained since emergency powers were assumed.

At the University of the Western Cape, near Cape Town, about 5,000 students and schoolchildren demonstrated against the rising number of arrests.

Our United Nations correspondent writes: A proposal by France that the UN Security Council requests states to apply voluntary economic sanctions against South Africa was in trouble yesterday, as the U.S. and Britain spurned it while non-aligned members called it too soft.

The French appeared dismayed by the hostile response of the non-aligned states. If the French proposals fail, African states might submit a resolution of their own, in much stronger terms—though this would risk vetoes from Britain and the U.S. and possibly also from France.

Man in the News, P. W. Botha, Page 6
Gold takes dive; Foreigners ditch shares, Weekend FT III

MP calls for resignation over collapse

BY TOM LYNCH

LABOUR MPS yesterday demanded the immediate resignation of Mr Robin Leigh-Pemberton, Governor of the Bank of England, over the collapse of Johnson Matthey Bankers, and criticised the Bank's monetary activities.

Mr Brian Sedgemore, MP for Hackney South and Shoreditch, made new allegations of fraud relating to clients of JMB and said he had asked for police protection for himself and his family.

"It has been put to me that an attempt might be made to shut me up," he said. Islington police had been warned about certain men, and he had warned the commander of the force in Hackney about possible consequences for his ex-wife, his son and himself.

In a Commons debate on the summer adjournment, Mr Sedgemore renewed his attack on Mr Michael Hepker, chairman of Sumrie Clothes, and Mr Mahmoud Sipra, a Pakistani-born shipper, an attack later replied to by Mr Fepker, who said: "For Mr Sedgemore to abuse his position by standing up in the House of Commons and making totally unfounded and scandalous allegations is a serious matter of public concern."

Mr Ian Stewart, Economic Secretary to the Treasury, warned Mr Sedgemore there was a difference between information and evidence, and between evidence and proof. He urged Mr Sedgemore to turn his information over to the police if he had not already done so.

Dr Oonagh McDonald, from Labour's front bench, backed Mr Sedgemore's call for a wide-ranging inquiry into the affair and urged the publication of the report on JMB by Price Waterhouse.

Referring to Mr Hepker, Mr Sedgemore said: "What kind of respectable businessman, when he is reported to the Takeover Panel and evidence is given about him to the panel has friends who will telephone the person who is giving evidence and say they will blow his legs off if he does not behave himself?"

He said that Mr Hepker had sent police on a "bogus raid" looking for illegal firearms, and had made an allegation of fraud which he later had to withdraw in writing. He said solicitors involved in the case were keeping papers in secure places because they feared raids on their offices.

Mr Sedgemore referred to a loan from JMB to Ravensbury Investments for the purchase of Provincial Properties of Wales to carry out a property deal in Barry, Glamorgan, involving the construction of a Tesco store.

"What he forgot to tell JMB was that the Tesco development fall through before he borrowed the money. Effectively he committed a theft from JMB of £1.5m."

Mr Sedgemore claimed to be in possession of an opinion of counsel for Mr Hepker showing he had known the deal had fallen through. "But he went to JMB and told them the deal was still on, and that's a major fraud."

The price of the land plummeted, but the deal had gone through and only £393,310 had been paid, leaving more than £1m borrowed from JMB and not used by Ravensbury or Provincial Properties of Wales.

"It has been transferred through a series of companies to Mr Hepker's personal use, and that is a massive fraud," said Mr Sedgemore.

He said JMB had never checked on the value of its security for the loan, though anyone could have gone to Barry and seen there was no supermarket on the site, which had been found to be worth only £200,000. Although the money was lent by way of an overdraft, no request for repayment had been made. "JMB provided no banking service."

He said JMB had been informed that the companies were insolvent. Mr Hepker had asked JMB for more time on several occasions and had even suggested that another property deal might be stage to help pay off the loan.

Mr Sedgemore asked why no criminal action had been taken against those directors of JMB who were responsible for the preparation of the accounts. He said they had made misleading statements to the auditors. "Whether or not the directors knew they were making misleading statements, they were certainly reckless."

He said Bank of England staff had put the other creditors of JMB in jeopardy to the tune of £300,000 by failing to wind the company up.

"It is up to the Governor of the Bank of England whether he has the integrity to resign today, but we need a wide-ranging inquiry.

"We cannot just let it rest. We must see that it is investigated ruthlessly until all the facts are known."

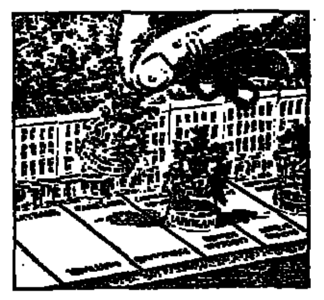
He asked whether the Bank had concentrated its monitoring activities on the major clearing banks and whether it had failed to monitor other banks under its supervision.

Mr Sedgemore also claimed that the credit rating committee of JMB was liable to be sued for negligence. He said its members were in breach of their fiduciary duty in common law.

He said a judgment for fraud

Continued on Back Page

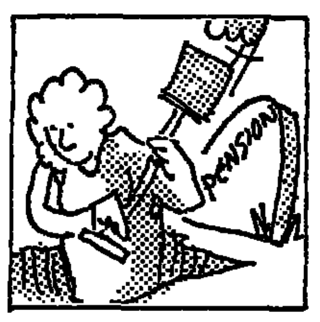
WEEKEND FT



LONDON'S LANDLORDS

Godfrey Hodgson studies a monopoly board which shows that London's choicest streets and squares are still in the hands of a few great family estates.

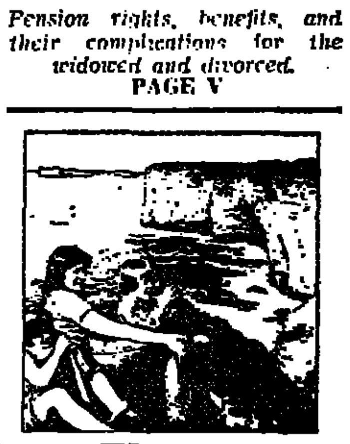
PAGE I



FINANCE

Pension rights, benefits, and their complications for the widowed and divorced.

PAGE V



TRAVEL

Superb scenery and splendid walking make the Scottish Isles a joy for bird-watchers and archaeology enthusiasts.

PAGE VII

DIVERSIONS

Sunbathing brings risks greater than mere sunburn and a peeling nose.

PAGE IX

MARKETS

DOLLAR
New York lunchtime:
DM 2.8415
FFr 8.638
SwFr 2.3195
Y238.55
London:
DM 2.864 (2.864)
FFr 8.7 (8.715)
SwFr 2.3345 (2.3385)
Y239.25 (238.95)
Dollar Index 138.7 (138.5)
Tokyo close Y239.15

U.S. LUNCHTIME RATES
Fed Funds 7¾%
3-month Treasury Bills: 7.18%
Long Bond: 105¼
yield: 10.68

GOLD
New York: Comex August latest $317.3
London: $317.75 ($317.75)

STERLING
New York lunchtime $1.41575
London: $1.4085 (1.411)
DM 4.0275 (4.035)
FFr 12.275 (12.29)
SwFr 3.2875 (3.295)
Y336.75 (337)
Sterling Index 84.2 (84.1)

LONDON MONEY
3-month interbank:
closing rate 11⅞% (11⅞)
3-month eligible bills:
buying rate 11⅛% (11⅛)

STOCK INDICES
FT Ord 924.1 (+13.1)
FT-A All Share 597.12 (+1.0%)
FT-SE 100 1,239.7 (+18.0)
FT-A long gilt yield index:
High coupon 10.15 (10.19)
New York lunchtime:
DJ Ind Av 1,352.37 (−1.24)
Tokyo:
Nikkei Dow 12,648.09 (+1.05)

Chief price changes yesterday, Back Page

CONTENTS

For London market and latest share index 01-246 8026; overseas markets, 01-246 8086

Defence Bill passes Congress hurdle

BY STEWART FLEMING IN WASHINGTON

A HOUSE-SENATE conference committee has approved a $302.5bn (£232bn) defence spending authorisation Bill for 1986 which provides for resumption of the manufacture of chemical weapons in the U.S. after a 16-year moratorium.

The Bill has still to be approved separately by both the House and Senate. It would not require Nato Governments in Europe formally to certify that they approve deployment of the weapons—only that Nato's supreme commander should state he has a plan for deployment.

Administration officials said yesterday that they see the Congressional decision in part as a lever they can use to put pressure on the Soviet Union in the Geneva negotiations to agree to ban chemical weapons.

Separately, early yesterday, another conference committee in Congress reached agreement on this year's foreign aid Bill after Senate Republicans dealt a serious blow to President Ronald Reagan's stance on aid to the Contra rebels in Nicaragua.

The committee agreed to a Democratic demand that $27m of humanitarian aid to the rebels should not be channelled through the Central Intelligence Agency. But the White House did secure approval for resumed aid to anti-Communist rebels in Angola.

While Congressional committees were continuing work on the detailed spending authorisation Bills, the deadlock continued over a comprehensive budget resolution which would set overall spending limits for the 1986 budget.

Senate budget negotiators have formally proposed a $344bn three-year budget-cutting plan which directly challenges both President Reagan's resistance to a tax increase, by proposing an oil import fee, and the Democratic Party's opposition to changes in social security retirement pensions.

The Senate move underlines the gulf between Mr Reagan and Republican Senators who want to see action on the budget this year.

The compromise on defence spending agreed would allow spending authorisations to rise in line with the rate of inflation. President Reagan had originally requested a 6 per cent rise in addition to an increase for inflation.

The Congressional negotiators agreed a reduction of $1bn-$2.75bn in the White House request for funding Star Wars research, and a decision to limit to 50 the number of MX missiles which can be built.

The agreement on a foreign aid authorisation Bill, the first since 1981, provides for total spending of $12.7bn, including substantial increases in funds for Egypt and Israel.

But the committee cut the President's request for total aid to the Philippines to register Congressional unease with political developments there.

It reduced military grants to the Philippines to $20m, rather than the $50m the Administration requested, but, within the reduced total, authorised considerably more economic aid.

France takes limelight in Aids research

BY DAVID MARSH IN PARIS

THE presence in Paris of Mr Rock Hudson, the U.S. film actor, for treatment for Acquired Immune Deficiency Syndrome (Aids), has focused world attention on French progress in attempts to find a cure for the killer disease.

Mr Hudson, whose spokeswoman revealed on Thursday that he *had* Aids, is receiving treatment at the American Hospital at Neuilly, west of Paris. He is the first internationally known figure to fall prey to the disease, which proves fatal in most cases by progressively lowering the body's resistance.

French researchers at the Pasteur Institute are generally recognised to have been first in the field—ahead of American scientists — in identifying the virus behind Aids.

Research teams on both sides of the Atlantic have in the past few months been linking up with pharmaceutical companies to market diagnostic tests — primarily to screen blood samples at transfusion clinics —in a market which could be worth about $150m (£107m) a year worldwide.

Development of effective treatment and ultimately a vaccine against Aids is still thought to be several years away. But French scientists have been making progress in experiments with a drug known as HPA 23 capable of stopping reproduction of the Aids virus, although not bringing about a total cure.

Mr Hudson's headline-catching Paris hospitalisation has underlined how Aids has become progressively thrust into the public limelight in the West.

Reflecting its contagion via blood contact and its mooted origins in central Africa and the Caribbean, Aids up to now has primarily affected promiscuous homosexuals, haemophiliacs, heroin addicts and Haitians. About 11,000 people in the U.S. are known to be suffering from the illness, with about 370 in France and 140 in the UK.

Faced with rising worry about the disease both in public opinion and in the medical profession, the French Government announced this week that Aids tests would be obligatory for all blood donors from August 1.

Diagnostics Pasteur, a joint subsidiary of the Sanofi pharmaceuticals company and the Pasteur Institute, said yesterday it expected a "considerable part" of the French market for 4m tests a year, each costing FFr 20 (£1.65).

Abbott Laboratories, which is marketing Aids tests in the U.S., has also been given authorisation to sell its tests in France, and other U.S. companies are expected to follow.

Diagnostics Pasteur still has not been given permission to market tests in the U.S. where the company has linked up with Genetic Systems of Seattle. This is partly due to a continuing patent wrangle with the U.S. authorities.

Singapore takes steps to tackle zero growth

By Chris Sherwell in Singapore

THE SINGAPORE Government, confronted with second quarter figures showing unprecedented zero growth, last night unveiled a S$450m (£147m) package of trouble-shooting measures, to push the economy back on course.

Significantly, the measures were announced by Brig Gen Lee Hsien Loong, the 33-year-old son of Prime Minister Lee Kuan Yew and a junior Minister in the Ministry of Trade and Industry. He heads a specially appointed Economic Committee currently studying Singapore's economic problems.

The estimate of zero growth in gross domestic product in the second quarter, confirmed by Gen Lee, followed a first quarter figure of 3 per cent annual growth. He admitted the 1985 growth target of 5 per cent to 7 per cent, would now have to be revised which means Singapore faces its lowest growth performance in well over a decade.

The main features of last night's package were:

- No sales of commercial, residential or industrial land by the Government's Urban Redevelopment Authority for the next two years.
- An extra S$245m expenditure this fiscal year to speed up non-property related infrastructure projects, including a major motorway programme.
- Cuts worth S$120m in charges levied by Government agencies, running the island state's telecommunications, ports, airports and public housing estates.
- A 30 per cent rebate on property taxes for owner-occupied industrial and commercial properties for 18 months.
- A cut in interest rates from 9 per cent to 7½ per cent on new loans extended to small industries.
- Establishment of a S$100m venture capital fund as an additional tool to promote foreign investment in new technology jointly with local companies, both in Singapore and abroad.

The measures follow other help given earlier in the year, and appear aimed at three problems identified by Gen Lee: companies' high operating costs; the difficulties faced by the manufacturing sector; and the slow down in construction.

But, he cautioned that the package was "not meant to be a quick-fix." In his speech to the Singapore Professional Centre, which was later televised, he declared: "We do not expect it to lead to a quick turnaround . . . We need long term solutions, to our problems."

These were now being studied by both the Economic Committee and the Government, he said.

Rebellion in army poses challenge to Obote's authority

BY MARY ANNE FITZGERALD IN NAIROBI

DR MILTON OBOTE, the Ugandan president, was yesterday facing the most serious challenge to his authority since he returned to power in December 1981, as government radio confirmed reports of rebellion within the national army.

The state run radio, in the first official confirmation of fighting within the 20,000-strong regular army, broadcast a pledge of loyalty to Dr Obote from the Bombo brigade.

The broadcast also said that the leader of an army rebellion was based at the 10th brigade headquarters in Gulu, the gateway to northern Uganda.

Although the leader was not named, he is thought to be Lt Gen Tito Okello, commander of the armed forces, who disappeared from Kampala last week. The statement is the first public acknowledgement that rebel factions control parts of Uganda. Declarations of support from brigades in Kampala and eastern and western Uganda were also broadcast.

The rift in the military, first sparked off by fighting at Mbuya army barracks outside Kampala on July 6, was triggered by rivalry between the Acholi and Langi tribes, who have historically dominated the army. The two factions are believed to be evenly balanced, but Dr Obote has been accused of favouring his own Langi tribe.

Lt Gen Okello, an Acholi, on Wednesday demanded that Dr Obote sack Brigadier Smith Opon-Acak, the army chief of staff who is a Langi.

The latest security threat follows the resurgence of the National Resistance Army, a guerrilla movement led by former defence minister, Mr Yoweri Museveni, which has been waging a four-year campaign against the Obote Government.

The division in the Ugandan regular forces "is very deep," an observer close to the army said, "and it is not going to be healed."

There were also reports that members of the army based at Fort Portal in western Uganda joined forces with the NRA when the rebels over ran the town last weekend.

On Tuesday a leading church official, Cardinal Nsubuga, called for an interim coalition government to assume control from Dr Obote and a postponement of elections until 1986.

Thatcher warns on Soviet propaganda

Mrs Margaret Thatcher, the British Prime Minister, has warned that the West must be prepared for a "massive propaganda offensive" from the Soviet Union in the autumn aimed at persuading Western nations to reject the U.S. Strategic Defence Initiative, Stewart Fleming writes from Washington.

In a toughly worded speech to a conference of leaders of conservative political parties here, Mrs Thatcher noted the more effective use of the media by the new and better educated Soviet leadership.

"We must show our commitment to negotiations, our commitment to peace is more honest and credible than the speeches and proposals of the other side," she said.

In an interview on American television yesterday morning Mrs Thatcher took issue with the suggestion that President Reagan is already a "lame duck" incumbent in the White House. "I think it is wrong to try and put that impression over," she said.

UK finds more tainted wine

British Government inspectors had discovered 14 instances of contaminated Austrian wine by mid-day on Thursday, Mr Michael Jopling, Minister of Agriculture, said yesterday in a written parliamentary reply, a Staff reporter writes.

Austrian authorities have issued warrants for the arrest of 10 persons suspected of having added di-ethylene glycol to wine in order to make it taste sweeter. The Minister of Agriculture, Dr Guenter Haiden, who has come under fire for having acted too slowly, called on those guilty to give themselves up and to take their products off the market.

Bhutto to return home

Exiled Pakistani opposition leader Ms Benazir Bhutto confirmed yesterday she would return home with the body of her brother Shahnawaz, found dead in France last week Reuter reports from London.

The 31-year-old daughter and political heir of executed Prime Minister Zulfiker Ali Bhutto acknowledged she might face arrest when she returned to Pakistan.

W. German surplus

West Germany achieved a visible trade surplus of DM 5.5bn (£1.4bn) in June, bringing the surplus for the first half year to a record DM 32.1bn from DM 19.07bn in the first half of 1984. The current account surplus in the first half surged to DM 14.9bn from DM 4.4bn a year earlier. Jonathan Carr writes from Frankfurt.

Turkish exports rise

Turkey's exports in June totalled $620m (£442m), up 19 per cent from a year earlier bringing first half exports to $3.65bn, up 3.6 per cent. The first-half trade deficit is 13.4 per cent up at $1.47bn. David Barchard writes from Ankara.

Party stands alone

Portugal's Social Democrats have announced they will stand alone in the October general election after the collapse of talks on reviving their so-called "Democratic Alliance" with the Christian Democrats that goverened from 1980 to 1983, Peter Wise writes from Lisbon.

Israelis 'murdered'

The discovery in central Israel of the mutulated bodies of two Israeli school teachers suspected victims of Palestinian terrorists triggered anti-Arab riots and brought pressure on the Government for tougher measures against terrorists, our Tel Aviv correspondent writes.

Harder work urged

Greek Prime Minister Andreas Papandreou yesterday called on all Greeks to work harder and urged private businessmen to undertake productive investments in a "national effort" for higher economic growth. Andriana Ierodiaconou reports from Athens.

Baltic exiles indict USSR over annexation

By Our Copenhagen Correspondent

THE Soviet Union was indicted for the illegal annexation and military occupation of Baltic states yesterday at the end of a two-day Baltic Tribunal against the Soviet Union, staged here by emigré Estonians, Latvians and Lithuanians.

The Soviet Union was also accused of Russifying the educational systems and cultures of Latvia, Lithuania and Estonia, as well as of committing violations of human rights in the territories.

The tribunal was organised by the U.S.-based Baltic World Conference, which groups the Estonian World Council, the World Federation of Free Latvians and the Supreme Committee for the Liberation of Lithuania, all exile organisations.

A six-man inquiry board consisting of international human rights experts heard 16 "witnesses," including former high-ranking Soviet officials, at the hearings, which have been strongly denounced by Moscow as a "CIA show"

Tass, the Soviet news agency, accused the World Baltic Conference last week of trying to disrupt the tenth anniversary celebrations next week in the Finnish capital, of the signing in 1975 of the Helsinki Accords on European Security and Co-operation.

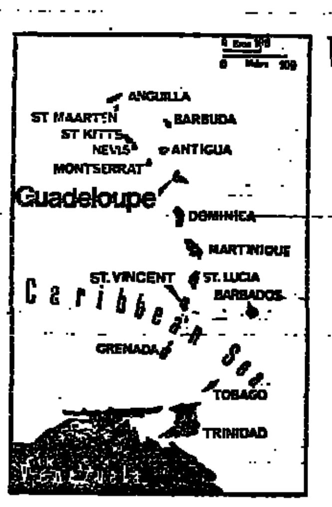
The Copenhagen tribunal is to be followed by a Baltic Peace Cruise from Stockholm to Helsinki at the weekend.

Bonn election date

The next elections for a West German parliament probably will be held January 26, 1987. The final election date must be fixed by President Richard von Weizsaecker, AP-DJ writes from Bonn.

Violence in Guadeloupe subsides

BY PAUL BETTS IN PARIS



GUADELOUPE was reported to be calm but tense yesterday after several days of some of the most violent clashes for months.

A riot had broken out in the Point-à-Pitre jail, there have been many cases of plundering. Point-à-Pitre was said still to be paralysed, with car access to the capital also blocked.

Militant separatists have set up road blocks around the capital similar to those erected during the violence in France's Pacific territory of New Caledonia.

The despatch of additional police reinforcements to the Caribbean territory on Thursday took the total to 600 gendarmes in the islands compared with a normal contingent of about 450.

Before the sending of 180 men, the French Government had already sent two other squadrons of gendarmes and a company of French CRS riot police.

The violence in the islands, which has led to several injuries and the so-far-unexplained death on a beach of the wife of a gendarme, was started by pro-independent groups.

They were protesting against the arrest of one of their militants who has since gone on hunger strike. Separatists on Guadeloupe have shown a rising militancy and violence this year.

The latest troubles in Guadeloupe are a source of acute concern for the French government which is trying to find a workable solution for New Caledonia. The New Caledonian separatist movement, FLNKS, sent a message of solidarity to the Guadeloupe independent movement yesterday.

The latest troubles have further worsened the economic situation in Guadeloupe, with an inevitable impact on tourism, the islands' main economic activity.

The island's sugar-cane business has also been badly hit.

The current flare-up could prove embarrassing for the French Socialist Government at a time when it has taken a tough line on sanctions against South Africa and is seeking to persuade other Western countries to follow its firmer approach to Pretoria.

The French right-wing opposition have not failed to point out the irony of the situation in which the Government finds itself.

Maputo 'may denounce treaty with S. Africa'

BY MICHAEL HOLMAN

MR JOAQUIM CHISSANO, Mozambique's Minister of Foreign Affairs, yesterday accused South Africa is breaching the terms of the 16-month-old non-aggression pact between the two countries and said his Government "may be obliged to denounce" the treaty.

Mr Chissano's warning given in an interview in London, where he has been holding talks with Sir Geoffrey Howe, the British Foreign Secretary, follows a steady deterioration in Mozambique's security situation.

If the treaty were abrogated, it would represent a major blow to what at the time was widely seen as a successful foreign policy initiative by South Africa. It established a *modus vivendi* other black states in the region might be forced to follow.

Under the pact, signed at the border town of Nkomati in March 1984, Mozambique agreed to end military and logistical support for guerrillas of South Africa's banned African National Congress. The ANC has been using the territory as its main infiltration route into the Republic.

In return for Mozambique's concessions, Pretoria promises to end its assistance to the Mozambique National Resistance (MNR), whose men had been trained and supplied in South Africa.

Mozambique's hopes that the pact would mark the end of MNR activity proved unfounded, and the rebels have become more active than ever, sabotaging industrial targets in the capital Maputo, disrupting power supplies, and ambushing traffic within a few miles of the city.

Two senior executives of Zimbank suspended

BY TONY HAWKINS IN HARARE

TWO SENIOR executives of the Government-controlled Zimbabwe Banking Corporation (Zimbank) have been suspended pending investigations of alleged technical infringements of Zimbabwe's stringent exchange control regulations.

In a statement yesterday, Zimbank, the country's second biggest banking group, said the allegations were "in no way related to the bank's financial position" and its profitability would not be affected.

Mr Dick Parke, Deputy Governor of the central bank, the Reserve Bank of Zimbabwe, has been seconded to Zimbank as acting group managing director and as a replacement for Mr Gene Rault, who has been suspended as group chief executive.

The bank's general manager of its international division, Mr Cys Van Der Meulen was also suspended.

There is some anxiety that the suspensions will be misinterpreted to mean that the bank has been poorly managed.

One leading banker said that Zimbank was a strong and efficient bank with an impressive balance sheet.

Domestic depositors and foreign banking correspondents should not jump to mistaken conclusions concerning the suspensions that relate to minor, if embarrassing, allegations, he added.

Soviet Union oil output falls

Soviet oil production sank to 295m tonnes in the first half of this year, 4 per cent below the state's target for the troubled industry, according to official figures released yesterday, Our Moscow Correspondent reports.

A report on the economy's performance in the first six months of 1985 showed industrial output rose 3.1 per cent compared with 1984. This is below the planned growth rate of 3.8 per cent and a drop from last year's 4.5 per cent rise.

Oil output has been static or falling for the past two years.

EEC rules shift onus for faulty goods to makers

BY IVO DAWNAY IN BRUSSELS

EEC industry ministers have approved new rules on manufacturers' liabilities for defective products.

The new legislation, which aims to harmonise existing rules in the Community, has been hailed as an "historic victory" by consumer groups.

It involves a substantial shift in the onus of proof of responsibility for faulty goods from the purchaser to the manufacturer. In many states until now it has been up to the consumer to establish the negligence of the producer.

The new regulations have been fought vigorously by industry claiming that they could substantially add to costs through increased insurance premiums.

Governments will also have the right to decide whether companies may exercise a "state of the art" defence absolving them of responsibility if they can establish a product to have been safe according to all the information available at the time they were designed.

NZ identifies bomb suspects

By Dai Hayward in Wellington

NEW ZEALAND police now know the identity of those they believe responsible for bombing and sinking the Greenpeace flagship Rainbow Warrior and killing one of crew on July 10.

Last night they issued warrants for the arrest of three Frenchmen who were on board the chartered yacht, the Ouvea, sailing to Noumea, New Caledonia.

The sinking of Rainbow Warrior will not prevent the protest voyage against French nuclear testing at Mururoa Atoll.

K. K. Sharma examines the problems lurking behind an unexpected development in the Punjab issue

Real test of Sikh settlement could still lie ahead

THE EUPHORIA generated by the unexpected settlement of the long-drawn-out Punjab issue is not surprising, considering the three-year-long turmoil and violence in the state.

Yet the real test may still be to come. The settlement must be put into effect by both the Indian Government and by Mr Harchand Singh Longowal, president of the Sikh Akali Dal party. Mr Rajiv Gandhi may be the uncontested head of the Indian Government but Mr Longowal is by no means the undisputed leader of the Sikhs.

The threat to the settlement comes mainly from the faction-ridden Sikh community and the personal rivalry of the leaders.

Mr Longowal is believed to command a majority among the Sikhs, nearly all of whom are weary of the continuing violence in Punjab and the disruption it has caused in their lives.

Yet there is a small but powerful section that has interest in whipping-up feelings against a settlement. Led ostensibly by 80-year-old Joginder Singh, father of the slain extremist leader Sant Jarnail Singh Bhindranwale, the strength of this group of hardliners is difficult to gauge.

Joginder Singh came out of retirement three months ago at the instigation of his late son's extremist followers. They needed a front man to capture the leadership of the Sikh community.

They attempted this by announcing that Joginder Singh had dissolved all factions of the Sikh's major political party and formed a "United Akali Dal" under his own leadership. Many Sikhs consider Bhindranwale, who was killed in the army operation against extremists holed-up in the Sikhs' Golden Temple, to be a martyred saint.

This attempt to seize control of the Akali Dal almost succeeded as some Sikhs rallied round Joginder Singh. Finally, after Mr Longowal was persuaded by moderate sections of the community to assert himself, two main factors emerged.

Mr Longowal, as demonstrated by the settlement with Mr Gandhi, is a moderate and wants an honourable way out for the Sikhs. Mr Joginder Singh and his followers are known to be fundamentalist and extremist.

Mr Joginder Singh's links with terrorist groups have not been established, but it is known that the militant All-India Sikh Students Federation, suspected of being behind many terrorist acts, supports him.

Harchand Sing Longowal (left), Joginder Singh and Mr Rajiv Gandhi (right)

Since Mr Joginder Singh's "United" Akali Dal has rejected the settlement reached by Mr Longowal and described it as a "sell-out" and a "betrayal," the extremists can be expected to try further sabotage.

Whether they succeed in their attempt will depend on how much support they have in the Punjab.

The Government suspects that the support in the community at large is nominal, confined to the small group of young and volatile Sikhs who still believe that "Khalistan," the independent Sikh homeland that Bhindranwale wanted, can be achieved by a violent and revolutionary struggle.

Officials feel the extremists are not more than a few hundred in number, but admit that their potential for trouble is great.

Because of the danger that the small group of hard-liners would sabotage moves for a settlement, the entire operation preceding Mr Longowal's journey to New Delhi to meet Mr Gandhi was kept a closely-guarded secret.

Feelers to Mr Longowal were put out by Mr Arjun Singh, Governor of the Punjab, who was assigned five months ago to find a quick and acceptable solution to the tangle in that state. Mr Arjun Singh, who was previously Chief Minister of Madhya Pradesh, is the real architect of the settlement.

His contacts with Mr Longowal, both directly and through emissaries, began about five weeks ago.

This was soon after Mr Longowal openly denounced terrorist tactics, declared that a solution to the Punjab issue would be acceptable within the framework of the Indian Constitution (hence he ruled out secession), and strongly urged unity among the Sikhs and Hindus.

The talks continued in secrecy simply to preclude attempts by hard-liners to whip up opinion against a settlement at a highly-delicate stage.

When only a few differences were left—mainly on the treatment of Sikhs who deserted their battalions after the army action at the Golden Temple, and the issue of political and religious autonomy for the Sikhs—was it decided to shift the venue to New Delhi, for formal talks with the Prime Minister and senior ministers.

Virtually non-stop negotiations for 36 hours were held in secrecy. The hardliners were taken by surprise.

The Government has made many concessions to the Sikhs in the settlement, notably by giving Chandigarh to the Punjab and assuring the state of a major share of the Beas-Ravi River waters system.

Also the controversial Anandpursahib Resolution concerning the issue of political and religious autonomy for the Sikhs has been referred to a special commission. It was realised that compromise was the only way to ensure a speedy settlement.

There is no doubt that Mr Gandhi is in a position to carry out his side of the bargain. There is a question mark over Mr Longowal's ability to sell the settlement to all the Sikhs. Some of his own senior supporters feel annoyed because he left them out of the negotiations.

But the main challenge will come from the hard-liners who, having been caught by surprise by the rapidity with which the settlement has been announced, can be expected to reorganise themselves and offer resistance.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Controversy on top people's pay moves to Lords

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT faces further embarrassment over the top people's salary awards on Monday night when the Lords debate the increase in the salary of Lord Hailsham, the Lord Chancellor.

Labour peers have put down an amendment regretting the Government's "insensitive" implementation of the Plowden recommendations on the pay of judges, high civil servants and senior officers in the armed forces.

They hope the amendment will be approved with the help of Conservative peers who might abstain or vote against the Government.

If carried, it would be another end of term blow to the Government following the rebellion by Conservative backbenchers in the Commons on the same issue earlier this week.

On that occasion, 48 Tories voted against the Lord Chancellor's increase to show their disapproval of the way the Government had implemented a large rise in salary for other "top people."

It is not clear whether Tory peers are angry enough to be tempted into voting with the Opposition on Monday, but the Government is making every effort to muster all possible support. Ensuring a full turnout could be difficult with the Lords rising for the summer recess on Wednesday.

A stiff Whip has gone out to get Tory peers to attend. The debate is listed for one hour during the dinner break in the evening, but it could last much longer.

Labour has also put out a three-line Whip. Liberal and SDP peers are expected to vote for the amendment which will be moved by Lord Barnett who, as Mr Joel Barnett, was Chief Secretary to the Treasury in the last Labour Government.

Much could depend on how many of the 230 cross-bench peers turn up to vote. There are about 400 Tory peers who take the party Whip regularly. Labour has 130 and the Liberal-SDP Alliance 80.

Art works tax scheme extended

By George Graham

MORE important works of art are to be accepted by the Government in lieu of tax by drawing on the public expenditure reserve, Lord Gowrie, Minister for the Arts, announced yesterday.

There are also plans to change the way in which leading museums and galleries are funded. They will receive grants-in-aid, rather than money by direct vote provision.

The intention is to provide greater incentives for museums and galleries to maximise their earnings—possibly by charging for admission—and to use them more effectively.

The Government at present allots £2m a year to a scheme under which capital transfer tax bills can be met by passing historic buildings or works of art to the nation.

Lord Gowrie said it had proved difficult to absorb unpredictable costs within a fixed annual budget. The public expenditure reserve of £5bn is to be used to cover the cost of accepting major national heritage items.

Lord Gowrie said he would expect to call on the reserve for around £10m a year, in addition to the existing £2m which will continue to handle "the ordinary run of smaller cases." "In any given year the demand could be either less or more," he said.

Max Wilkinson examines the Government's balancing act on interest rates

A small gesture to lighten industry's borrowing costs

THE SIGNAL yesterday that the authorities are prepared to sanction a small cut in interest rates next week may quieten the cries of industrialists, but may not do much to ease their pain.

After a series of warnings and complaints from the Confederation of British Industry, the Bank of England cut the rates at which it provides liquidity to the banking system by ½ of a percentage point. This was an unambiguous message to the clearing banks to cut base lending rates by a similar amount, to 11½ per cent next week.

This will bring base rates down by a full percentage point from their level at the end of last month, when Sir Terence Beckett, the CBI's director-general, first started his campaign for the burden on industry to be eased.

However, one of the main reasons for industrialists calls for a cut in interest rates was that they wanted a fall in the pound, particularly against the West German mark. They are likely to be disappointed in this because there is every indication that the Government intends to defend sterling tenaciously at somewhere near its present level.

The reason is simple. A strongish pound has become the Treasury's anchor against rising inflation, now that sterling M3, the most closely watched measure of the money supply, has become hopelessly entangled in distortions and argument.

Nigel Lawson: rates eased by half a point

Sterling M3 has been rising at an annual rate of 23 per cent in recent months, according to the latest official estimate. The Treasury flatly disbelieves that this is what is happening to money in the real world, although the Bank of England is more uneasy.

The simplest solution, therefore, has been to take a lesson from President Ronald Reagan in the U.S., and to drive up the exchange rate by heaping interest rates higher than in any other main industrialised country.

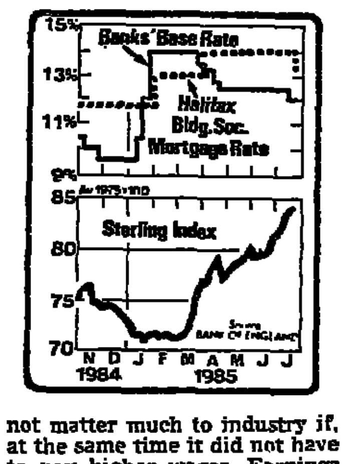
Three-month interest rates in the UK have maintained a track parallel to those in the U.S. since February—declining slightly but remaining about four percentage points higher. The relationship with West German interest rates has also been remarkably steady. Both have declined as the dollar weakened, but British short-term rates have stayed about seven percentage points ahead of those in Germany.

As a result, the UK has enjoyed some of the same advantage as were reaped by the U.S. when its interest rates were the highest in the world. Foreign capital has flowed in, helping to fund the Government's borrowing requirement, and the currency has appreciated, thus lowering the price of imports (in sterling terms).

Sterling has risen by 18 per cent against a basket of the currencies of its main trading partners since January, and the beneficial effect on import prices is beginning to appear. The prices paid by manufacturers for supplies of fuel and materials fell by 1 per cent in June compared to May, and showed a rise of only 2 per cent during the 12 months to June.

The strong pound is making imported cars, television sets and other goods potentially cheaper, and so putting a competitive squeeze on British manufacturers' prices.

Lower prices matched by lower costs of materials would not matter much to industry if, at the same time it did not have to pay higher wages. Earnings in manufacturing industry have been rising consistently and more quickly than the inflation rate for the last few years, and the latest indications are that the underlying rate of increase in earnings has crept up to 9 per cent, from about 8½ per cent at the start of the year.



In the last three years, relatively large earnings increases have been offset by a rapid rise in productivity (with the loss of jobs).

The Treasury's present nightmare is that industry will continue to pay large increases out of its fattened profits, but fail to justify them by higher productivity. There is already evidence that the wages element of British industrial costs is moving ahead much more quickly than in West Germany and other competitor countries.

In this respect, the British experience at times of a strong currency has been markedly different from that in the U.S., where wage pressures were subdued.

The danger, from the Government's point of view, is that wage growth will erode competitiveness to such an extent that a depreciation of sterling will be needed to keep manufacturers on level-pegging against competitors in West Germany. However, depreciation would raise import prices, as it did towards the end of last year, and carry the risk of a renewed wages-price spiral.

For these reasons, the Treasury probably wants to hold the present line, with the pound at about DM 4 and the trade-weighted index at somewhere near 83 (1975=100), which was its average value in 1983. If the dollar were to fall further, some easing against the D-mark could be allowed.

Mr Nigel Lawson, the Chancellor, is faced with a delicate judgment over the coming months. He wants to squeeze industry just enough to make managers jump with alarm and look again at their wage costs.

However, if he squeezes too hard, they might start to sack workers, close plants and so turn a slightly halting recovery into a full-scale recession. That is why he eased the screws by half a turn yesterday.

Daily value of North Sea oil production falls 18%

BY DOMINIC LAWSON

THE DAILY value of Britain's North Sea oil production fell nearly 18 per cent last month, to about £46m, according to figures released yesterday by the Royal Bank of Scotland.

The effect of the fall in the value of the dollar—the curency in which oil is traded—was compounded by the biggest monthly fall in North Sea production.

For the first time North Sea production is running at levels below the same period in the previous year. The 2.25m barrels a day output is 7 per cent below the levels of June last year.

The steep fall in production was caused by heavy maintenance work on big fields such as Brent, Ninian, Thistle, Maureen and Fulmar. However in the late autumn output is likely to be back to near the record 2.8m b/d achieved in January this year, the bank said.

The value of daily North Sea oil production is more than a third below the February levels and the bank believes it is virtually impossible for the Government to accrue its £13.5bn target for oil revenues in the current year. If dollar oil prices and the sterling dollar exchange rate remains at current levels the shortfall could be as much as £2.5bn, the bank argues.

The Organisation of Petroleum Exporting Countries has been calling on Britain to cut its North Sea production to help bring sliding world oil prices under control. But the Government has refused.

The production cuts are commercial decisions by North Sea operators, such as BP and Shell that maintenance programmes should be concentrated in the period of weak world demand for oil and shaky prices.

Curbs relaxed on small sterling securities issues

BY MAGGIE URRY

THE TREASURY is relaxing restrictions on UK companies making small issues of sterling securities with a maturity in the one-to-five-year range. From next Monday, issues of such securities worth less than £3m will not need approval from the Bank of England on timing or size.

The Government has been keen to promote a market in short-term sterling notes and in this year's Budget it opened the way to non-bank borrowers to issue one-to-five-year instruments. However, exemption from Bank of England consent for issues under £3m, which applied to issues with redemption dates of over five years, had not originally been extended to the new maturities.

The new market could be an important addition to the range of borrowing available to companies. However a flood of issues is not expected because interest on the securities would be payable net of tax, which makes them unattractive to investors............

Mr Donald Clarke, general manager finance of Investors in Industry (3i), and chairman of the Association of Corporate Treasurers' working party on fixed interest funding for UK companies, said: "This market will not get off the ground until interest is payable gross. It is much more expensive than competing markets, such as Euronotes, where interest is payable gross."

Merseyside business falls

THE NUMBER of companies working at full capacity on Merseyside has fallen, and there has been a sharp increase in the number operating at less than 60 per cent of potential.

The Merseyside Chamber of Commerce and Industry's economic survey for the second quarter also indicates, however, that domestic deliveries and orders are beginning to show a slight improvement. Against that, exporting companies generally reported poor performance.

Almost half the companies surveyed reported jobs shed, although some levelling-off of job losses was indicated. Most managements were pessimistic about any increase in staff levels.

The influence of local authority rates — tested in the survey for the first time — was found to be significant, especially among small and medium-sized operations, some of which predicted job losses directly attributable to high rates.

For the first time, the results will be incorporated to a regional economic survey compiled by the Association of British Chambers of Commerce.

ECONOMIC DIARY

MONDAY: European neutral and non-aligned countries hold summit meeting in Stockholm. National Coal Board annual report. Professional Association of Teachers annual conference at Surrey University, Guildford (until August 1). Heron annual meeting.

TUESDAY: CBI Industrial Trends Survey (July). Civil Aviation Authority annual report. National Westminster Bank interim figures. Mrs Margaret Thatcher meets Football Association and Football League leaders at Downing Street. Japan-China ministerial meeting in Tokyo on bilateral economic issues.

WEDNESDAY: Advance energy statistics (June). New vehicle registrations (June). Milk Marketing Board annual report. Lloyd's of London extended solvency test deadline expires for Richard Beckett syndicate members. Central Transport Consultative Committee annual report published. U.S. leading economic indicators (June). Pilkington Bros annual meeting. Industrial Society has meeting on "Trade unions and democracy" at 3, Carlton House Terrace, SW1.

THURSDAY: UK balance of payments—overseas earnings of the City of London (1984). Unemployment and unfilled vacancies (July). Overseas travel and tourism (May). Housing starts and completions (June). British Airports Authority annual report. Electricity Council and CEGB publish annual reports. Barclays and Midland Banks first-half results.

FRIDAY: UK official reserves (July). Car and commercial vehicle production (June-final). Capital issues and redemptions (during the month of July). Lloyds Bank first-half results.

Borg-Warner launches strategy for Europe

BY JOHN GRIFFITHS

BORG - WARNER confirmed yesterday that its Kenfig Hill plant in South Wales and 600 jobs have been saved. This represents the first stage of a strategy for Europe being drawn up by the U.S. automatic transmissions and components manufacturer.

The company said it is to transfer all production of marine and industrial transmissions from Indiana in the U.S. to Kenfig, which will become Borg-Warner's sole source of output for such units, generating a turnover of £40-£45m a year. However, this production is seen by the U.S. group as essentially a holding operation by which Kenfig will operate viably while a longer-term strategy is devised.

It is aimed to reverse Borg-Warner's almost complete withdrawal from the European automatic transmissions market since the late 1970s. Elements of the strategy, the details of which are to be considered by a task force from the U.S. and UK operations, starting within the next month, are expected to include a continuously variable transmission for cars, which Borg-Warner has been developing for some time.

Mr Gary Toomey, managing director of the UK transmissions division and in charge of Kenfig, said "Borg-Warner decided that it should look at the marketplace more globally and that, on the autos side, if it continued to appear to be isolating itself inside the U.S., then it would not have a broad enough base."

Kenfig is expected to be the main site for a renewed foray into European automotive business. Borg-Warner's only other surviving vehicles-related plant in West Germany makes friction elements and vibration dampers. Kenfig, however, still produces complete automatic transmissions, which are supplied to Jaguar and Saab. Production of these units—45,000 were supplied last year—is to continue.

The U.S. parent company's decision to reverse the closure of Kenfig, announced last December, was partly the result of large productivity gains made by the workforce despite a sharp reduction in the volume of its automatic transmissions business, said Mr Toomey. Deliveries last year were down by about a half, compared with 1983. In previous years, Borg-Warner had been steadily losing business as more vehicle manufacturers set up in-house production of automatic transmissions, and as competition from another European supplier, ZF of West Germany, intensified.

Kenfig's employees have signed a unique, six-year pay deal with the company, which also scraps all traditional job demarcation.

The two new product lines, covering transmissions for powerboats, and for such industrial and agricultural equipment as *fork-lift trucks* and back hoes, will be transferred to Kenfig over the next nine months to two years. Also Borg-Warner is to invest about £10m in new capital equipment and tooling. Total investment in reorganising the operation is understood to be considerably greater.

Some other operations are to be consolidated at Kenfig, including assembly and warehouse operations now based at Biggleswade. This facility, which employs 40 people, is to be phased out by the end of this year.

An undisclosed amount of Government financial aid, channelled through the Welsh Office, is being injected to the project under selective aid schemes.

Mercury brings forward service

MERCURY, THE new telephone network to rival British Telecom, has brought forward plans to extend its services to Scotland in a deal with Racal-Vodafone, the cellular radio network company.

The deal with Racal-Vodafone — which competes with BT's cellular radio subsidiary Cellnet — gives Mercury sufficient revenue to move into Scotland earlier than planned.

Mercury, a subsidiary of Cable and Wireless, is completing a figure of eight trunk network in England using optical fibres. The initial link to Scotland will use microwave

The Scottish service is likely to start early next year.

Radio investigators to concentrate on piracy

BY RAYMOND SNODDY

THE Government's Radio Investigation Service plans a phased withdrawal from dealing with domestic television and radio reception problems to concentrate on fighting piracy.

A Department of Trade and Industry review of RIS found that more resources should be devoted to dealing with the "pollution of the radio spectrum" by people who operate without a licence or abuse their licences.

Mr Geoffrey Pattie, Information Technology Minister, said yesterday that the department plans to issue a booklet to enable people to solve their own TV and radio problems.

Mr Pattie said that the new measures would soon have a "significant impact on the problems experienced by business users of radio."

From now business and service users will be charged a commercial rate for RIS advice and remedial work on their radio communication systems. It will charge a call-out fee of £21 to find the cause of poor domestic broadcasting reception.

Warning of cash-call on Lloyd's members

By John Moore, City Correspondent

SIR IAN MORROW, head of the new independent underwriting agency which is to manage the affairs of 1,525 Lloyd's members facing £130m of insurance losses, has warned members that they may have top rovide further cash from their own resources to cover the losses next year.

The surprise move comes a few days before Sir Ian's agency, financed by Lloyd's, takes over the running of the members' affairs from interests of Minet Holding, the insurance broker.

Sir Ian Morrow: surprise move

The new agency company, Additional Underwriting Agencies (No 3), was set up by Lloyd's following Minet's decision to close bythe end of the year its subsidiary company looking after the members' affairs.

The indicated change in the members' fortunes is likely to happen after a change in accounting policy, advised by Spicer and Pegler, the accountancy firm.

Minet's Richard Beckett underwrting agency, which managed members' affairs, had adopted a controversial accounting policy in dealing with the underwriting losses. Agency executives had made assumptions for the future pattern of claims, inflation, currency movements and interest rates. After taking these factors into account, they had worked out that £62m would be required from members to fund the losses.

The Beckett accounting policy, known as "discounting," is to be abandoned once Sir Ian takes charge. Members will have to be prepared to pay the full £130m in the next few years, which could more than double individual liabilities.

Sir Ian has said the change in accounting policy could lead to additional assets being shown by the underwriting members next year when they have to demonstrate to Lloyd's that they have sufficient wealth to meet liabilities.

Meanwhile, a lobby of underwriting agents at Lloyd's has been formed in an effort to bring in Mr Ian Posgate, the former star underwriter at Alexander Howden, to run a marine insurance syndicate under the management of Minet's Beckett agency. The syndicate of 2,000 members was to pass to the management of Mr R. M. Pateman. Mr Pateman decided not to take over the agency because of the possibility of legal action over the past running of the syndicate.

Residuary body chairmen are named

By Robin Pauley

THE GOVERNMENT yesterday named the chairman of five of the new residuary bodies which will be needed after abolition of the Greater London Council and metropolitan county councils next March.

The bodies will take over those functions of the abolished authorities not to be passed to district and borough councils, quangos or joint boards.

Mr Kenneth Baker, Local Government Minister, said that Mr J. Hadfield, a former chairman and managing director of Bass North West, would be chairman of the Greater Manchester Residuary Body.

Mr Leslie Pocock, chairman of the Liverpool District Health Authority, will chair the Merseyside body.

Mr A. S. Robertson, former chief executive of the Northumbrian Water Authority, will chair the Tyne and Wear body and Dr M. Skillicorn, corporate director for public affairs of the GKN group, will chair the West Midlands one.

Mr T. McDonald—a senior partner in the accountancy firm of Armitage and Norton and chairman of the Yorkshire, Humberside and East Midlands Industrial Development Board —will chair the West Yorkshire body.

The appoilntment of Sir Godfrey (Tag) Taylor, chairman of Southern Water and former chairman of the Association of Metropolitan Authorities, to chair the London body has already been announced.

The chairman of the South Yorkshire body will be named later.

Post Office repays £100m as profits peak

BY JASON CRISP

THE POST OFFICE made record profits of £133.7m on mail and counter business and £18.8m at National Girobank in the year ended April 3, 1985.

As a result, it repaid £100m to the Government, £40m more than the target set in its external financing limit.

The main reason for the improvement was an exceptionally strong performance from inland letter services where profits jumped by 71 per cent to £86.9m. The Post Office announced a cut of 1p in the price of second class mail this week.

High profits on inland mail reflected a growth of 5.5 per cent in volume and a productivity improvement of 3 per cent. The Mail Users Association said much of the productivity gains had happened automatically with higher traffic or had been bought at the cost of the quality of service.

Last year only 86.3 per cent of first class mail was delivered the following working day compared with 87.4 per cent the year before. The target is 90 per cent.

The main reason for the fall was industrial action which was five times higher than the previous year. Since year-end the figures have risen to 8.1 per cent in June and 89.5 per cent in the first three weeks of this month.

The Post Office had to increase its payments to Government because of a shortfall in capital expenditure of almost £10m and delays by subpostmasters in claiming cash for extra work during the Department of Health and Social Security computer strike.

Profits on parcel business fell from £19.2m last year to £7.6m as a result of fierce competition in a stagnant market. The Post Office believes it managed to increase market share by 1.5 per cent.

Profits on overseas mail rose £3m to £35.6m on a turnover of £326.6m. In spite of price rises later this year, the Post Office expects a fall in profits because of increased payments to overseas administrations and higher air freight charges.

Counter business had total sales of £782.7m but made only a profit of £2.9m after charging an exceptional item of £25.3m following closures in the counter network. As the Post Office is limited largely to Government agency business its counter side is facing a tough future.

Although the DHSS, which accounts for 40 per cent of its business, has been reducing its use of the Post Office, the counter services saw an underlying growth of 3.5 per cent. However, the Post Office is becoming increasingly concerned about the implications of further competition. Its 10,000 rural post offices make a loss of £30m.

National Girobank profits rose 21 per cent to £18.8m, income rose 22.5 per cent to £130.2m and the number of current account holders rose by 16 per cent to 1.8m. Other than Giro, all Post Office profits are on a current cost basis.

Currency gains tax under fire

BY GEORGE GRAHAM

RULES governing the tax treatment of foreign currency gains and losses have come under fire from the accounting profession.

The Institute of Taxation has called for fundamental changes in the law applying to exchange rate fluctuations. "The present statute and case law is anachronistic," said Mr Iain Stitt, a past president who drafted the institute's comments.

The criticism was echoed by Arthur Andersen, the accounting firm. "In our opinion, the case for radical changes in the legislation covering the tax *treatment of exchange gains* and losses is irrefutable."

Comments were invited by the Inland Revenue following its publication in January of a provisional statement of practice, prompted by a defeat in the Lords of a case brought by the Revenue against Marine Midland Bank.

The Lords held that if Marine Midland borrowed dollars and lent them as dollars without converting them into sterling, no profit or loss could arise from exchange rate fluctuations.

The Revenue statement of practice accepted that no taxable profit or deductible loss would result from "matched" positions.

Arthur Andersen, said the Revenue *statement* "does nothing more than exacerbate the position; its somewhat simplistic approach does not appear to *take* any account of current methods of financial and treasury management."

The rules should acknowledge economic reality by recognising that exchange rate fluctuations are an important factor in raising finance or making investment decisions, Arthur Andersen said.

Exchange rate fluctuations should be treated as part of the interest element of financial calculations.

Real fluctuations should be treated as ordinary income/expense items and taken into account for tax purposes when they are recognised for accounting purposes.

Comments were invited by machine 44 —— 8 on 8¼ ——

The institute's suggestion is similar: exchange losses on borrowings should be allowed as a tax deduction, while gains should be charged.

"In principle, we do not consider that there should ever be taxation before actual realisation of a gain, and the relevant profit is available for distribution," the institute said.

Protests at by-pass decision

By Tom Lynch

THE BY-PASS for Okehampton, Devon, will take the controversial southern route across part of Dartmoor National Park, Mr Nicholas Ridley, the Transport Secretary, told the Commons yesterday.

Labour MPs described the decision as "insensitive and arrogant" since a joint committee of MPs and peers had favoured the alternative northern route to relieve the traffic bottleneck.

Tory MPs from the west of England approved of the announcement. They said the bottleneck was a serious obstacle to the movement of goods and people to the West Country, thus hindering economic development and job creation.

Gwyneth Dunwoody: announcement an outrage

Mr Ridley told MPs that the southern route had long been favoured by governments

The Government will introduce a Bill at the earliest opportunity to confirm the southern route.

Mr Ridley's announcement was described as an outrage by Mrs Gwyneth Dunwoody, the shadow Transport Secretary. She said the northern alternative would take only two years longer to complete, would do no damage and be environmentally acceptable.

"How can he justify ignoring all the evidence and the view of a select committee?" she asked. "Financial involvements are the only ones that interest him at any time. He should resign."

Mr Ridley said the Labour Government had declared itself in favour of the southern route in 1976.

The West Country Tory welcome was led by Sir Peter Mills, MP for Devon West and Torridge. He said people in Cornwall and Devon were delighted with the Minister's "courageous decision"

However, Mr Peter Rost, Tory MP for Erewash, condemned the decision to override the select committee as a constitutional precedent. "Haven't we had enough banana skins in recent months and haven't inspectors and departments got decisions wrong before?" he asked.

Dr David Owen, the SDP leader, and MP for Plymouth, Devonport, said many believed the Minister's judgment to be wrongly based

Surveyors urged end to mortgage aid

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

MAJOR changes in the way people are helped with housing costs, including phasing out mortgage interest tax relief, were recommended by the Royal Institution of Chartered Surveyors yesterday.

The recommendations follow the findings of an inquiry into housing chaired by the Duke of Edinburgh, which urged the abolition of tax relief on mortgage interest.

The RICS report looks at ways of tackling the problems *of the growing number of* homes falling into disrepair and "acute shortage of housing in some parts of Britain."

It concludes that "major changes are needed in the way that people are helped with their housing costs if equity is to be achieved, if demand is to find its true level, and if that demand is to be met."

The report urges the introduction of tax relief on the cost of housing repairs, and the introduction of market rents and capital tax allowances to encourage more private rented housing.

"We are concerned to devise a fair and practical form of *financial assistance for those* who are unable to meet their own housing costs," says the RICS. It concludes that arrangements for helping housing costs through mortgage interest tax relief are "inequitable."

Relief is "related to the size of the mortgage rather than to the circumstances of the mortgagor," and "no account is taken of ability to pay."

The RICS study recommends that mortgage interest relief be replaced by a Government payment based on housing needs and occupiers' incomes, regardless of whether the property is owner-occupied or rented.

Better Housing for Britain; Surveyors' Publications, 12 Great George Street, London SW1P 3AD; price £3.50.

Tougher controls urged for inner city projects

BY CHRISTOPHER PARKES

THE GOVERNMENT has no means of knowing whether its £350m-a-year programme for dealing with inner-city deprivation is proving effective or giving value for money, according to a report from the National Audit Office.

A report from Sir Gordon Downey, Comptroller and Auditor General, complains that most of the local authority submissions on programmes proposed for aid under the Department of the Environment's urban plan "appeared to have serious deficiencies."

The urban plan, first introduced in 1968, is a programme for co-operation between central goverment and local authorities to deal with problems of urban deprivation. Local authorities seeking grant aid are required to submit inner area programmes giving details of problems, priorities, strategies and objectives.

Most of the submissions "failed to set out well-considered strategies for dealing with identified problems, to relate proposals to main programme activity in inner areas or to show that account had been taken of the achievements of the urban plan in earlier years," the report says.

The department's efforts in 1983 to improve the quality of submissions had not been wholly effective. The report proposes that it should toughen its controls.

Call for reform of local democracy

By John Hunt

REFORM of local government to prevent the abuse of democratic procedures by political activists is advocated in a government submission to the committee of inquiry into the conduct of local authority business chaired by Mr David Widdicombe, C.

The evidence is given by the Department of the Environment, the Scottish Office and the Welsh Office.

The document submitted to the committee expresses concern at attempts to intimidate and threaten councillors and the way in which democratic procedures are by-passed in a few authorities.

It says there is a ned to prescribe precisely the right of all councillors to participate fully in decision making. There should also be specific safeguards for the maintenance of democratic procedures and orderly conduct of business. The involvement of non-elected members in decision making should be clearly defined

The document says further measures are necessary to ensure that decisions by local authorities are open to full and effective scrutiny and to judicial challenge. It argues that existing legal requirements do not adequately prevent abuse arising from partisan political activities.

Enterprise zone 'success'

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

THE GOVERNMENT claimed yesterday that the 23 enterprises zones established in Great Britain since 1981 had proved successful, having helped to restore badly-needed activity in regions hit by economic decline and decay.

Releasing a report by the Environment Department, to summarise progress made in the zones during 1984, Mr Baker said that, from 1981 and to last autumn, more than 2,000 companies had set up in areas that offered special business incentives. More than 48,000 jobs were involved.

He said the number of jobs in the zones, designated in 1981, had increased by 45 per cent. A 77 per cent rise had been achieved in the zones established since 1983.

Enterprise Zone Information 1983-4; Publication Sales, Building 1, Victoria Road, South Ruislip HA4 0NZ; £6.50.

DHSS rules out joint venture schemes

BY DAVID BRINDLE, LABOUR STAFF

THE Department of Health and Social Security has vetoed local health authorities establishing joint venture companies in collaboration with private contractors.

In a letter to Bolton Health Authority, which was involved in such an arrangement with Spinneys, the contracting company, the DHSS said the idea fell outside existing legislation and failed to satisfy the requirement of competitive tendering in the National Health Service.

Bolton this week bowed to the department's decision, abandoning the joint venture scheme in favour of a conventional tendering programme. Spinneys said it was surprised a Conservative Government should have blocked an experiment which would have brought the private and public sectors closer together.

The idea for the joint venture was initiated by Spinneys, a subsidiary of Steel Brothers Holdings, which has a large number of joint venture agreements overseas, particularly in the Middle East.

Under the sceme, the health authority would have taken a £1 stake in the proposed venture company and would have committed its existing capital equipment, with Spinneys providing new investment. The company would have retained the domestic services contracts for all Bolton's hospitals and health centres for three years.

Any profits made from the work, which is principally cleaning, would have been shared by the health authority, Spinneys, and the employees.

Mr Philip Burton, marketing director of Spinneys, said yesterday the company felt the concept would appeal to authorities which sought a closer relationship with a contractor "either because they lacked experience in drawing up contract specifications, or because they needed capital."

Spinneys, which only recently won its first domestic services contracts under the NHS tendering programme, admits it also saw the joint venture as a way of breaking into a market dominated by a few large contract cleaning companies.

The DHSS decision was based on the NHS Act of 1977, which makes no provision for health authorities establishing limited companies. It also felt a joint venture company would preclude open competition for provision of services under the Government-enforced tendering programme.

However, Spinneys and Bolton counter that specification and price would have been set according to market conditions elsewhere in the NHS: Spinneys estimates it could have trimmed £1m off what it says is the £2.2m annual cost of domestic services in Bolton's hospitals and health centres.

● The DHSS seems certain to intervene after Sunderland Health Authority on Thursday night rejected three cheaper commercial tenders and awarded the £100,000 a year contract for domestic services at 14 health centres to the in-house workforce on unchanged terms and conditions.

The decision reflects the stiff resistance the contracting-out programme is meeting in the North-east. The health workers' unions say 1,000 of their members in local hospitals and health centres took strike action on Thursday over the threat of privatisation.

هكذا من الأصل

Colliery managers' union seeks ballot funds

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE BRITISH Association of Colliery Management has joined the Amalgamated Union of Engineering Workers and EETPU, the electricians union, in deciding to apply for State funds for postal ballots—in defiance of TUC policy.

The AUEW now faces possible suspension or expulsion from the TUC because it decided to accept £1.2m from the Government under the 1980 Employment Act. It says it will not reverse this unless its members vote to do so.

The BACM's unanimous decision at a closed conference in May, published in its current newsletter, was taken in conjunction with rule changes to comply with the 1984 Trade Union Act, which requires ballots to elect executives, call strikes and retain political funds.

It is particularly important for three reasons:

● The union—unlike the two big craft unions also seeking state funds—has not conducted postal ballots in the past. The rule changes will initiate a postal ballot system.

The AUEW and the EETPU have argued that they were special cases because of their existing provisions. This does not apply to the BACM. So it would be more difficult to argue for a compromise within the TUC over the craft unions, once unions not similarly placed had made the same decisions.

The association, with 15,500 members, has not asked the certification officers appointed by the Government for money but will do so when it incurs ballot expenses.

● It is likely to be the first of a number of small and medium-sized managerial unions to follow this path. The others, many of which are in a loose alliance, are the Engineers' and Managers' Association, the British Airline Pilots' Association, NUMAST (the shipping officers' association) and the First Division Association.

Each of these groups is small but, if they were to follow the BACM, they would widen the crack in the wall which the TUC will try to repair at congress in September, seeking to prevent a widespread retreat from overt opposition to the recent employment legislation.

● BACM's closest union associates, in an industrial sense, are the National Union of Mineworkers and Nacods, the pit deputies' union. Both of these, especially the NUM, have been fiercely opposed to the Government. The NUM is particularly likely to react harshly against a union with which it had deep differences during the year-long miners' strike and with which its relations are at a low ebb.

Helen Hague looks at the background to charges of riot against strikers

Spotlight on court cases arising from pits dispute

THE YEAR-LONG miners strike is history, and the spotlight is turned to the National Union of Mineworkers' conflict with the Nottinghamshire leadership which is spearheading moves to form a breakaway union grouping in the mining industry, separate from the NUM.

However, attention is also on another aspect of the post-strike fallout—court cases arising out of charges brought against miners during the dispute.

On June 18—in what was dubbed the "battle of Orgreave" in the popular imagination—55 miners were charged with riot and a further 40 with unlawful assembly.

Recent events at Sheffield Crown Court, where these cases have been heard, or are scheduled to be heard, raise fundamental questions about the nature of the charges and the prosecution's chances of securing convictions.

The authorities have yet to secure a conviction for riot.

On July 15, 13 pickets were cleared of riot and unlawful assembly charges by a Sheffield Crown Court jury after incidents outside the National Coal Board's Doncaster headquarters in May. The case lasted eight days and cost an estimated £250,000.

Two days later, at the same court, 14 miners were freed when the prosecution abandoned its case of riot in the 48th day of the hearing. A 15th man, also accused of riot, was acquitted earlier.

On Monday, prosecuting counsel decided not to proceed with charges of unlawful assembly against eight miners arising out of an incident during the strike at Rossington, near Doncaster.

The men agreed to be bound over for a year in the sum of £100.

These events are understood to have caused considerable embarrassment to the prosecuting authorities.

During the Sheffield trials heard so far, the defence has levelled charges of mass frame-ups by the police.

Mr John Peysner, defence solicitor in the Rossington case, said: "In the light of events it would appear that it was more important to charge people with serious charges for the deterrent effect at the height of the strike and for the stringent bail conditions that were imposed preventing people from picketing and that perhaps insufficient care was given to the prospect of those charges being proved in court."

Nearly 80 miners charged with one of the two ancient charges of riot and unlawful assembly wait to here whether their cases will go ahead. This should be known by early next month.

It is understood that the prosecution has indicated it is willing to offer "bind overs" in at least some of the 79 riot and unlawful assembly charge cases outstanding in Sheffield.

If bind over offers are not accepted in future cases, it would appear that the prosecution is faced with a choice of either proceeding with potentially lengthy and costly trials or dropping the charges of riot or unlawful assembly. Riot carries a maximum life sentence.

SCOTLAND'S showpiece Bilston Glen pit near Edinburgh was at a standstill yesterday after miners walked out in a row over a colleague's sacking.

A National Coal Board representative said the underground worker was dismissed for a disciplinary matter under the Mines and Quarries Act. The board has refused to negotiate with the union while the strike continues.

National Union of Mineworkers official claimed the man was sacked because he arrived at work late and failed to stop when challenged by a security officer.

The union said there was almost 100 per cent support for the stoppage among the 1,800 workforce at the colliery, and the action was backed by miners who worked during the strike.

Order against Sogat

By Our Labour Staff

THE MANAGEMENT of the Financial Times yesterday secured an order from the High Court restraining an officer of the print union Sogat 82 from inducing his members to breach their contracts by taking industrial action.

The order relates to plans by the 450-strong Sogat clerical chapel at the FT to stage disruptive mandatory meetings on a daily basis, starting next Monday, over a secretaries' pay claim.

The officer named in the order is Mr Mike Eatwell, the Sogat branch chairman. He was not present or represented in court.

The chapel voted on Thursday to hold a rolling programme of two-hour mandatory meetings, beginning with library, research, post and some secretarial staff. It was decided not to offer the usual skeleton cover for emergencies.

The dispute is over the FT management's demand that a pay rise of about 7.7 per cent for 26 secretaries employed by FT Business Information must be financed by the extension of the working week from 32½ to 35 hours.

The chapel argues that the existing 32½-hour week is enshrined in the house agreement.

The management maintained in court that because FT Business Enterprises is a separately constituted trading concern, there was no dispute between the FT and other members of the clerical chapel. Therefore, it was contended, Mr Eatwell was inducing them to take unlawful action.

BT workers urged to reject 7% offer

BY DAVID BRINDLE, LABOUR STAFF

MEMBERS of the National Communications Union are being urged to vote to reject a "final" British Telecom pay offer of 7 per cent.

The executive of the union's 125,000 - strong engineering group has decided to recommend rejection in a ballot next month because of conditions attached by BT. Leaders of the 40,000-strong clerical section are expected to follow suit.

BT said last night an offer of 6.75 per cent would be available if the union felt unable to make a commitment on the conditions it had imposed.

The conditional offer was improved from 6.75 per cent to 7 per cent after talks between the union and BT at board level. According to BT, it is seeking "a commitment to conclude discussions on identified areas of concern within a specific timescale."

The union says these "areas of concern" include changes in working arrangements which would affect almost every member, such as a move away from nationally-agred staffing rotas.

It was not clear last night whether the pay ballot would include a recommendation for industrial action. The union's annual conference last month gave the engineering section executive the authority to call action in pursuit of the pay claim.

The union is also recommending rejection of pay offers by the Post Office, affecting about 9,500 staff, and unimproved after similar final discussions at board level.

The Post Office offers would give 5 per cent to engineering staff and 5.25 per cent to clerical employees. The union objects both to the differential nature of the offers and to the fact that they do not meet the rise in retail prices.

Top awards hit pay talks

BY OUR LABOUR STAFF

THE HIGH pay awards resulting from the top salaries review made their first direct impact on public sector pay talks yesterday when leaders of about 5,000 local government chief officers and deputies rejected a 5.35 per cent offer.

The offer matched the basic increase accepted in principle bl lower-grade council white-collar staff—although they are due to receive an additional 0.25 per cent through grade restructuring.

However, the chief officers' negotiators pressed their case for a higher rise on the basis of the full-year comparability awards of 12.2 per cent to 17.8 per cent for top civil servants, military officers and judges. The claim may go to arbitration.

The chief officers had demanded a 14 per cent increase, plus 10 per cent to be made available for merit pay.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 28.6.85 (12) base=100
	as at close of business on Monday 22nd July 1985					as at 28th June 1985 (Geographical Spread)					
	CAPITAL & INCOME GROWTH										
409	Alliance Trust	Independently managed	610	4.0	799	39	47	8	6	90	307
99	Bankers	Touche, Remnant	86	4.1	115	41	41	10	8	105	300
216	Border & Southern	John Govett	156	3.0	204	48	24	19	9	109	248
70	Brunner	Kleinwort Benson	67	4.7	94	43	35	5□	17□	98	264
79	Charter Trust & Agency	Kleinwort Benson	76	4.2	97	61	24	12	3	98	259
122	Continental & Industrial	Schroder Wagg	608	4.7	701	58	36	2	4	98	266
489	Edinburgh Investment (w)	Dunedin Fund Managers	107	3.8	142	51	32	8	9	102	274
523	Foreign and Colonial	Foreign & Colonial	62	2.9	83	40	35	16	9	106	263
715	Globe	Electra House Group	259	5.5	347	65	25	9	1	105	242
277	Philip Hill	Philip Hill	238	5.8	286	70	28	–	2	92	252
9	Jos Holdings	Kleinwort Benson	127	3.6	139	77	15	4	4	100	278
34	Keystone	Warburg Inv. Man.	337	4.2	457	53	24	13	10	103	†
7	Lancashire & London (q)	Rea Brothers	136	3.3	169	94	6	–	–	70	†
31●	London & Strathclyde	Gartmore	169	2.0	183	55	39	1	5	95	267
41●	Meldrum	Gartmore	159	4.0	201	81	14	5	–	92	287
94	Outwich	Baring Brothers	126	3.4	171	64	17	12	7	102	240
111	Raeburn	Lazard Brothers	298	4.7	401	53	35	7	5	95	250
78	River and Mercantile	River & Merc. Inv. Man.	126	6.0	161	51	38	7	4	97	267
40	River Plate & General (w) △	Tarbutt & Co.	214	4.8	245	75	14	–	11	95	219
34	S. & P. Ret. of Assets (w) △	Save & Prosper Group	87	1.3	122	78	22	–	–	162	†
23	Scottish & Mercantile (q)	Rea Brothers	365	5.5	445	95	5	–	–	102	†
18	Scottish Cities (q)	Rea Brothers	447	5.3	534	96	4	–	–	71	†
365	Scottish Mortgage	Baillie, Gifford	350	3.1	460	46	28	17	9	103	321
192	Scottish National	Gartmore (Scotland)	209	3.0	278	49	34	8	9	104	256
166	Scottish Northern	Paull & Williamsons	142	3.8	165	72	23	2	3	119	188
133	Second Alliance	Independently managed	526	3.9	689	37	49	8	6	92	306
444	TR Industrial & General	Touche, Remnant	140	3.6	192	45	24	23	8	108	239
357	Witan (w)	Henderson	142	2.8	192	53	29	12	6	108	298
39	Yeoman (q)	Independently managed	268	4.9	314	77	15	2	6	96	258
	United Kingdom										
11	City of Oxford	Hambros Bank	234	4.4	255	99	1	–	–	97	248
32	Fleming Claverhouse	Robert Fleming	248	5.2	319	100	–	–	–	101	264
10	Shires (w)	Stanecastle Assets	190	9.8	202	94	2	3	1	72	190
110	TR City of London	Touche, Remnant	82	5.4	107	89	11	–	–	103	260
82	Temple Bar	Electra House Group	113	5.9	142	97	3	–	–	97	260
	CAPITAL GROWTH										
	General										
200	Anglo-American Securities	Morgan Grenfell	252	3.2	339	46	36	14	4	107	256
52	Ashdown	Schroder Wagg	124	3.4	156	60	26	9	5	95	250
161	Atlantic Assets	Ivory & Sime	101	0.8	131	29	68	–	3	96	246
62	Electric & General	Henderson	264	2.2	343	50	37	10	3	96	298
23	Greenfriar (w)	Henderson	230	1.0	246	62	18	11	9	102	365
6	Personal Assets (q)	Ivory & Sime	38	0.8	40	46	54	–	–	93	†
	International										
79	Berry	GT Management	160	0.9	187	53	26	8	13	110	304
97	English & New York	Kleinwort Benson	102	3.5	120	9	48	14	29	100	256
73	English & Scottish	Gartmore	74	2.4*	84	43	23	10	24	87	258
15	F & C Eurotrust	Foreign & Colonial	130	1.8	133	5	–	–	95	99	226
188	Fleming Overseas	Robert Fleming	105	3.7	141	8	55	15	22	95	267
81	Fleming Universal	Robert Fleming	282	2.5	372	17	50	12	21	96	248
57●	Gartmore Inform. & Fin. (w)	Gartmore	44	3.6	59	46	53	1	–	107	227
47	General Funds (q)	City Financial	118	2.4	135	39	26	26	9	99	251
24	Group Investors (w)	CS Investments	239	2.3	282	47	47	3	3	95	306
121	Hambros (w)	Hambros Bank	151	4.0	200	50	39	5	6	104	249
36	'Investing in Success' (q)	City Financial	470	1.7	589	35	23	30	12	99	258
166	Investors Capital Trust	Independently managed	209	2.5	262	33	41	15	11	101	245
16●	London & Gartmore	Gartmore	247	0.9	290	39	50	3	8	85	274
10	Mid Wynd International	Baillie, Gifford	156	1.8	174	22	37	14	27	98	†
143	Monks	Baillie, Gifford	137	2.5	183	25	32	27	13	93	278
177	Murray Growth	Murray Johnstone	102	2.0*	113	39	43□	11	7	95	268
69	Murray Smaller Markets	Murray Johnstone	169	2.2*	216	12	10□	22□	56	101	275
61	North Atlantic Securities △	Morgan Grenfell	257	1.8	311	–	59	29	12	97	254
98	Northern American	Dunedin Fund Managers	236	3.3	314	23	42	27	8	93	260
28	Northern Securities	GT Management	153	1.9	195	53	27	7	13	126	270
93	Romney	Lazard Brothers	231	2.9	313	32	41	13	14	96	261
228	Scottish Eastern	Martin Currie	75	3.6	101	51	27	14	8	109	249
314	Scottish Investment Trust	Independently managed	237	3.3	325	33	40	14	13	104	246
70	Trans-Oceanic	Schroder Wagg	144	3.4	192	36	42	14	8	96	255
70	Tribune	Baring Brothers	104	3.2	139	41	31	15	13	93	286
185	U.S. Debenture Corp.	GT Management	193	4.8	252	52	30	10	8	103	239
	North America										
136	American	Edinburgh Fund Mgrs.	124	3.3*	160	24	76	–	–	102	255
134	Edinburgh Amer. Assets	Ivory & Sime	97	0.7	120	23□	71	1	5	115	309
121	Fleming American	Robert Fleming	445	1.7	575	1	98	–	1	91	266
28	Gartmore American Secs.	Gartmore	102	2.8	134	24	64	6	6	96	295
135	Stockholders	John Govett	113	3.2	152	22	77	–	1	95	229
83	TR North America	Touche, Remnant	85ac	3.1	112ac	9	91	–	–	110	288
	Far East										
49	CJR Pacific (w) △	Thornton & Co.	86	0.6	99	1	–	68	31	100	†
24	Drayton Far Eastern (w)	Montagu Inv. Man.	120	1.3	137	4□	–	60	36	97	232
96	F & C Pacific (w)	Foreign & Colonial	130	1.4	171	12	26	37	25	101	212
156	Fleming Far Eastern	Robert Fleming	77ac	1.9	100ac	2	–	69	29	96	265
149	Lake View	John Govett	129ac	2.6	164ac	15	–	63	22	104	242
5	New Australia △	Edinburgh Fund Mgrs.	79	0.7	104	24□	–	–	76	75	†
10	Pacific Assets (w)	Ivory & Sime	100	–	87	20□	–	–	80	76	†
32	TR Australia (w)	Touche, Remnant	79	8.7	106	8	–	–	92	96	209
104	TR Pacific Basin (w)	Touche, Remnant	123	1.2	141	5	3	67	25	98	283
	Japan										
27	Baillie Gifford Japan (w) △	Baillie, Gifford	253	0.2	257	–	–	100	–	94	†
44	Crescent Japan	Edinburgh Fund Mgrs.	131	0.9	141	–	–	100	–	105	424
119	Drayton Japan	Montagu Inv. Man.	370	1.0	441	5□	2	92	1	100	250
77	Fleming Japanese	Robert Fleming	434	1.0	497	4	–	96	–	92	290
55	GT Japan	GT Management	137	1.5	148	1□	3	92	4	117	420
45	Japan Assets (w)	Ivory & Sime	51	0.1	56	16	–	84	–	82	†
41	New Tokyo (w)	Edinburgh Fund Mgrs.	167	0.8	190	–	–	100	–	78	†
	Commodities & Energy										
8●	City & Foreign	Montagu Inv. Man.	115	–	145	4	96	–	–	99	225
8	New Darien (w)	Hodgson Martin	61	0.8	77	29□	63	–	8	78	†
34●	North Sea Assets (q)	Ivory & Sime	89	0.8	154	84□	16	–	–	110	†
15	Precious Metals △	J. Rothschild	104	0.8	126	7	61	1	31	85	†
	Comm. & Energy (cont.)										
91	TR Natural Resources	Touche, Remnant	206	5.2	286	34	41	1	24	95	188
57	Viking Resources	Ivory & Sime	64	2.6	99	32	68□	–	–	102	126
14	Wemyss	Edinburgh Fund Mgrs.	527	5.7	606	39	34	–	27	93	180
23	Winterbottom Energy	Baillie, Gifford	89	1.1	97	7□	81□	12	–	64	176
	Technology										
10	Baillie Gifford Tech. (w)	Baillie, Gifford	75	1.6	92	47□	47	2	4	48	†
59	British American & Gen.	Stanecastle Assets	103	3.6	107	55	35	7	3	97	216
67	Fleming Technology	Robert Fleming	126	2.6	168	43	35	19	3	93	248
87	Independent	Ivory & Sime	252	0.3	308	30	65	–	5	94	†
272	TR Technology	Touche, Remnant	81	3.0	112	37	45	14	4	104	252
	INCOME GROWTH										
106	Aberdeen △	Aberdeen Fund Managers	178	5.5	197	70	30	–	–	82	233
243	British Assets	Ivory & Sime	200	5.0	251	48	52	–	–	99	281
161	Drayton Premier	Montagu Inv. Man.	402	4.5	510	61	24	12	3	93	215
102	First Scottish American	Dunedin Fund Managers	247	5.2	320	77	13	9	1	92	285
56	General Consolidated △	Philip Hill	247	5.8	295	61	35	–	4	93	274
24	Lowland	Henderson	277	3.7	286	90	6	–	4	102	413
125	Merchants	Kleinwort Benson	94	5.7	121	52	30	6	12	94	257
120	Murray Income	Murray Johnstone	110	5.8*	132	73	15□	–	12	99	310
201	Murray International	Murray Johnstone	118	5.4*	151	37□	48□	9	6	83	286
138	Securities Trust of Scotland	Martin Currie	116	4.9	154	54	30	12	4	109	267
	SMALLER COMPANIES										
36	Dundee & London (q)	Tay & Thames Inv. Serv.	164	4.5	213	71	16	13	–	94	261
37	English & International (w)	Montagu Inv. Man.	234	4.3	304	57	30	8	5	109	†
54	F & C Alliance	Foreign & Colonial	80	3.0	105	47	33	14	6	106	264
12	Family	Kleinwort Benson	226	4.4	275	95	3	–	2	103	279
8	First Charlotte	Ivory & Sime	11	0.6	11	95	3	2	–	102	†
18	Fleming Fledgeling	Robert Fleming	107	3.3	137	74	23	3	–	97	257
26	General Stockholders	John Govett	145	2.5	180	47	50	1	2	96	213
51	Glasgow Stockholders	Gartmore (Scotland)	109	2.8	131	47	38	4	11	101	251
23	London Atlantic	Investors in Industry	147	5.9	197	65	19	–	16	91	225
15	Moorgate	Philip Hill	285	5.8	326	92	3	–	5	97	291
16	North British Canadian	Investors in Industry	174	5.1	230	92	6	–	2	105	235
46	St Andrew	Martin Currie	98	3.7	134	57	28	12	3	96	265
169	Scottish American	Stewart, Ivory	224	3.7	301	48	37	7	8	90	245
33	Smaller Companies Int.	Edinburgh Fund Mgrs.	70	2.4	83	49	35	16	–	95	288
176	TR Trustees Corp.	Touche, Remnant	130	3.7	177	61	31	7	1	113	240
184	Throgmorton (w)	Throgmorton Inv. Man.	225	4.8	280	86	12	1	1	114	290
	SPECIAL FEATURES										
57	Ailsa △	J. Rothschild	89	2.2	112	46	28	15	11	94	†
13●	Consolidated Venture (w)	Montagu Inv. Man.	90	1.3	120	8□	92	–	–	92	†
132●	Drayton Consolidated	Montagu Inv. Man.	275	4.9	381	68	25	4	3	95	†
15	Edinburgh Financial (w)	Stanecastle Assets	37	2.8	40	74	10	10	6	132	†
32●	Fleming Enterprise	Robert Fleming	248	4.5	321	99	1	–	–	96	276
240	Fleming Mercantile	Robert Fleming	108	4.0	154	52	30	7	11	98	254
18	GT Global Recovery △	GT Management	113	2.5	138	71	22	–	7	121	†
†	London Trust	London Trust Man. Serv.	71	5.5	†	†	†	†	†	†	†
44	Murray Ventures (w)	Murray Johnstone	272	2.3	356	58□	12	8	22□	86	270
71	Nineteen Twenty-Eight △	London & Manchester	153	3.3	192	94	6	–	–	99	228
7●	Stewart Enterprise (w)	Stewart, Ivory	37	1.5	46	51	31	11	7	97	†
86	TR Property	Touche, Remnant	136	3.7	177	66	21	8	10	102	220
	SPLIT CAPITAL (x)										
20	Altifund 86/88	Gartmore	473	0.1	557	96	2	–	2	86	331
2	Child Health 87	Thornton & Co.	295	–	319	37	12	23	28	104	320
34	City & Commercial 88/93	Montagu Inv. Man.	546	–	792	87	6	6	1	113	†
29	Dualvest 85/87	Montagu Inv. Man.	1050	–	1231	89	10	1	–	107	250
27	Fundinvest 85/90	Montagu Inv. Man.	284	–	365	84	8	7	1	112	254
2	Marine Adventure 88	Thornton & Co.	192	–	207	34	13	26	27	103	†
33	New Throg. (1983)(w) 08	Throgmorton Inv. Man.	31	–	100	100	–	–	–	161	†
29	S. & P. Linked 95/97	Save & Prosper Group	235	–	509	100	–	–	–	122	296
19	Throg. Secured Growth –	Throgmorton Inv. Man.	274	–	371	100	–	–	–	–	202
75	Triplevest 87/91	Montagu Inv. Man.	700	–	1012	85	14	1	–	114	†

NOTES TO THE TABLE

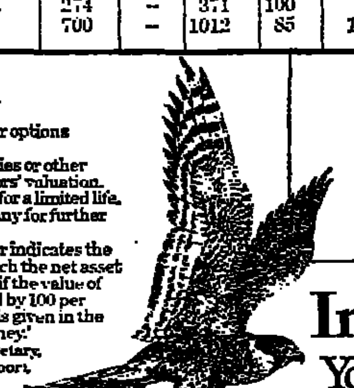
- † No data.
- * Applies to Ordinary/"A" Ordinary only.
- a Does not include special dividend.
- □ More than one quarter in non-equity investments.
- (x) Capital shares and winding-up dates.
- ac Adjusted for scrip issue.
- ar Adjusted for rights issue.
- (q) Published quarterly.
- (w) Company has warrants or options in issue.
- ● More than 20% in securities or other assets included at directors' valuation.
- △ The Trust has provisions for a limited life. Please refer to the company for further information.

(a) Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

(b) Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'More for your money.'

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

AITC



INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	262
F.T.–Actuaries All-Share	265
* Standard & Poors Composite	358
* Tokyo New Share Exchange	362
* Capital International World	318

+ Excludes split capital.
* Adjusted for exchange rate changes.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday July 27 1985

Old dilemmas persist

WHEN Harold Wilson first declared, back in the 1960s, that "a week is a long time in politics," he was reflecting a trend in political and economic thinking which has led investors and voters in Britain and many other nations seriously astray in the past decade. It may be tempting to conclude from the second cut in Bank of England dealing rates in just over two weeks that a reversal is going on in government economic policy and that the squeeze on the corporate sector reflected in Thursday's ICI result will soon be a thing of the past. Some of the Government's own rebellious backbenchers may even return to their constituencies next week carrying high hopes that a further easing of interest rates will soon begin to restore their party's fortunes in public opinion polls and by-election results.

In reality, some minor cuts in interest rates tell us little about the economy's future course. What matters is the longer term framework within which these cuts are supposed to fit. For despite instant telecommunications, knee-jerk financial markets and mind-boggling computer technologies, economic policymakers throughout the world remain at the mercy of time—or "long and variable lags," in the famous phrase concocted by the early monetarists when some of their over-ambitious predictions failed to be realised. And the longer-term thrust of the Government's policy remains uncertain, especially on the all-important question of the exchange rate.

Exchange rate

If the decline in rates were to continue, it would be through its impact on sterling that the most important effects on industry and economic activity would mainly be felt. ICI made it quite plain on Thursday that it was the 18 per cent jump in sterling since January—not the level of interest rates directly—which wiped £50m off its second quarter results. Similarly, it is the high exchange rate which is leading the *Confederation of British Industry* to reconsider its bullish projections for output in the next year and to warn against a repetition of the vicious squeeze on industry in 1980-81. The stock market too, is responding primarily to sterling. Exchange rate movements can explain up to 40 per cent of the changes in the FT index over the past ten years, against a mere 1 per cent in the case of interest rates, according to a recent study by stockbrokers Scrimgeour Vickers.

A lower exchange rate, particularly against the D-mark, is what industry wants. It may also be what the economy and the Government need if a new wave of redundancies is to be avoided as the effects of a high exchange rate gradually make themselves felt during the next year. The trouble is that the low exchange rate policy, which had been helping to reverse the trend of unemployment from 1983 onwards, ran into a fundamental and disturbing problem in January this year. It began to look as if "long and variable lags", far from working against government policy as everyone had assumed, may have been presenting the Government's achievements in an excessively favourable light.

The many economic and political problems the Government has confronted in the past few months—ranging from the uproar over top civil servants' pay to the disaffection in industry about policy on sterling—boil down to a single issue. The long and variable lags are gradually beginning to unwind and it is turning out that there has been less progress, in some areas at least, than the Government's supporters in industry, in the electorate, and even in Parliament, had felt entitled to expect.

Misleading

The conduct of monetary policy has become more confused, rather than less. One monetary target after another has shown erratic growth as a result not only of long-term distortions but of short-term blips as well. Yet some of the over-simplified monetarist rhetoric of the first few years has made it hard for the Government to think clearly about the merits of exchange rate targeting within the European Monetary System and has led to unnecessary embarrassments even in revising, redefining and clarifying domestic monetary targets.

Fiscal policy has appeared in retrospect to be a more important influence on economic growth and unemployment than the Government was prepared to acknowledge initially. Yet the Public Sector Borrowing Requirement remains a misleading totem at the heart of the Government's financial strategy. In the international sphere, meanwhile, Ministers are reluctant to argue for a co-ordinated move to more expansionary policies in Germany and Japan, offset by contradictory ones in America, after downplaying the role of demand management in their domestic rhetoric.

Above all, in pay bargaining "economic realism" has proved excessively dependent on an overvalued exchange rate and high unemployment. Despite some useful progress on competition and deregulation, the old problem of trying to reduce inflation and unemployment at the same time has not been solved.

POLITICS TODAY

Philip Thompson

Dramatic 'last night' at the Commons

By Malcolm Rutherford

AT 1.38 last Wednesday morning, Mr John Biffen, the Leader of the House of Commons, rose to conclude the debate on top people's salaries, or more specifically on the salary of the Lord Chancellor. The Government, as almost everyone must know by now, was coming perilously close to defeat.

"With the leave of the House, Mr Speaker," he said, "I think that the debate has demonstrated that all those great reformers who want to pack us off to bed at midnight would miss a great deal."

For a second, but only for a second, one believed him. It had been a good debate: well-attended, short speeches, the denouement increasingly in doubt as the night went on. Much of the drama was in the Labour Party lying back and enjoying it while the Tory Party quarrelled with itself. Mr Peter Shore was the only Labour speaker.

As it happened, I went there from the Young Vic where there is a brilliant performance of a play about the miners' strike called "The Enemies Within," the title being drawn from remarks by Mrs Thatcher. That, too, was a great theatrical occasion: well-attended, full of good speeches and audience participation.

The House of Commons early on Wednesday morning was even better: not least because it was live and the outcome unpredictable.

And yet after that second of being half-persuaded by Mr Biffen, scepticism took over. Is conducting a debate in the middle of the night really the most sensible way to run the nation's affairs? What is this curious British eccentricity which insists that because this is the way things always were done, this is the way they always should be done? No wonder the tourists come and gape at us.

The only rationale for Wednesday's debacle, from the Government's point of view, is that it was July, it was late, it was almost the end of term, and the issue may well be forgotten by the autumn. Some of the Tory rebel speakers, like Mr Patrick Thompson of Norwich, North, or Mr David Sumberg of Bury, South, had scarcely ever been heard of before. (An unkind comment from within the Party is that they will never be heard of again.)

Anyway, why not let them have their fling before the holidays? After the recess, they will all cool down and obey the Whips.

It looks like a loss of direction

The trouble with that argument is that it very nearly did not come off. For the Government to be reduced to a majority of 17 and for the Conservative Party to be shown to be so internally divided is really quite something. It looks like a loss of direction.

A rationale may be also put up for the Labour Party's behaviour. If the Government had been defeated on the Lord Chancellor's salary, there would have to have been a confidence motion which Mrs Thatcher would have won decisively. Therefore it was better for Labour to run it close and lose rather than come out temporarily on top.

Such explanations, however, are probably too clever by half. The fact is that on the night, Labour did not realise early enough what was happening. The Government was embarrassed by the open dissensions among its own nominal supporters. It would have been embarrassed even further if more Labour MPs had stayed in the House of Commons to vote. Maybe Mr Neil Kinnock, the Party leader, should have delayed his departure to Africa until after the end of the Parliamentary session.

All that is speculation. The lesson of the last few days is the lesson of the last two years: Mrs Thatcher's second administration has become excessively careless, even arrogant.

People who have read it will have their own opinions on the eighth report on top salaries* under the chairmanship of Lord Plowden. It seems to me to be a highly intelligent document, seeking to come to terms with complex issues like how to insert flexibility of salaries into a fairly rigid career structure. It also recognises how far the national mood has changed since the days when the idea of a formal incomes policy was frequently taken to be a good thing. In a way the report is a tribute to the extent to which Mrs Thatcher has challenged national attitudes and a fixed way of thinking, even among the establishment. It is a much more sophisticated paper than a plea for a return to comparability with the private sector.

There was a great deal to be said for going ahead with its immediate implementation in full, almost without bothering about the phasing of the awards. Not the least reason for that is that anyone who wants to can remember what happens when you adopt these reports by halves and over several years. Inflation and the same old problems of pay in the public sector catch up with you again. MPs should know that more than most groups, since they have recurrently had difficulties about fixing their own pay.

Yet there is a lot of theory in the above. Full implementation

Mrs Thatcher's administration has become excessively careless, even arrogant

may be intellectually, economically and even socially right, but it does have to be explained to those who have neither the time nor the inclination to read white papers or blue books from cover to cover.

That is where the Government failed. It is also what the debate within the Parliamentary Conservative Party on Wednesday was about. There were some striking supporters of the Government's policy ranging across the entire Tory spectrum, and there would have been more if they had been called to speak. Where they all agreed, however, was that the Cabinet had gone about it in the wrong way: the political touch, which ought to be instinctive to Ministers seeking to retain power, was missing.

Mr Cranley Onslow, the chairman of the 1922 Committee which embraces all Tory back benchers and who always says he seeks no publicity, spoke briefly and effectively to the point that while he supported the decision to implement the awards, he would have been much happier if it had been better done.

"If the Government had chosen to make an oral statement," he said, "instead of a written reply, there would have been much less opportunity for the selective reporting and deliberate misrepresentation . . . which has caused so much annoyance to so many people outside."

It is as simple as that. There ought to be a rule about it hanging on the wall of the Cabinet room. If you have to announce a decision that is likely to be contentious, especially perhaps within your own party, do not do it by written answer. Stand up and defend it. The abiding curiosity is that no government ever seems to learn.

Again, Mr Charles Morrison, hardly on the right of the party, intervened with admirable brevity to say that he was inclined to support the Government because he believed that public servants of all sorts should be property remunerated.

But he added: "Before I do vote for the Government, for the last time I ask my right hon Friend the Prime Minister to ensure that from now on the Government behave with a little more sensitivity, a little more humility and a little less arrogance—in short, I ask the Government to behave as though they had a majority of 25, not 145."

Those words "for the last time" sound slightly ominous. The reference to the size of the majority goes back to Mr Francis Pym who said during the last general election campaign that the Tory majority should not be too large and ceased to remain as Foreign Secretary. Rarely can a man have been so vindicated.

There was another rather different point against the Government made by Mr Shore for the Labour Party. It deserves to be quoted at length because it goes to the heart of one of the Government's problems.

Mr Shore cited the Top Salary Report: "The picture we have formed is a highly disturbing one. Morale in the Civil Service, if not commitment and motivation, appears to be at an exceptionally low ebb and this impression has been confirmed by individuals with long and wide experience of the Civil Service."

The reason why morale is low, the report goes on, is that "in contrast with those in industry and commerce, seen as the wealth-producing part of the economy, many civil servants although personally convinced of the value of the jobs they perform in the public service, have come increasingly to feel that they are regarded as in some sense parasitic. It is felt, rightly or wrongly, that the Civil Service has declined in public and ministerial esteem and it is seen by many as offering a markedly less worthwhile career than hitherto."

Mr Shore commented: "That is correct. The way to solve that problem is not through a massive increase in top public service pay but through a fundamental change in the attitudes of Ministers towards the public services, and if that change is to take place, it must begin with the Prime Minister."

I do not think that anyone who has regular contact with senior civil servants would seriously dissent from that view of morale. There may be exceptions, but from the Prime Minister downwards it sometimes seems that the civil service is treated as a necessary evil rather than an essential arm of government. The difference in morale from the time when (say) Mr James Calaghan was at No 10 Downing Street is between night and day.

Indeed Mr Shore could have gone further. He could have accused the Cabinet of seeking to salve a guilty conscience by buying off the civil service with a pay rise. He might also have mentioned the Government's tendency to whip the messenger for bringing bad news.

Perhaps the Government has learned its lessons. Not all the news is bad. There are some quite promising moves afoot on Ireland which will take courage on all sides to implement. Mortgage rates are down. The rise in the inflation rate may turn out to have been no more than a blip, as Chancellor Lawson predicted. And we should never forget that Mrs Thatcher withstood the miners' strike without the extent of civil disorder or economic chaos that there might have been.

Going off for the summer, however, there are still one or two factors to worry about. The ICI profit figures this week are one example. They are a reminder of how far the country has to go to compete with its neighbours. ICI's results are down partly because of the pound's rise against the D-mark. What is the rationality of that? West Germany came out of recession with inflation at around 2 per cent. In Britain it is around 7 per cent. The country's relative economic decline goes on.

A tendency to whip the messenger

In the longer term it may be worth pondering the anomaly of a nation so economically weak possessing the world's third most powerful nuclear force.

Still, those are thoughts for other days. At the end of the Parliamentary session, one is struck by what a quaint procedure it is, the improbability of constitutional reform — since Parliament can only reform itself—and the strange ritual of the September reshuffle. Some Ministers, like Mr Peter Rees at the Treasury, have had the threat of the sack hanging over them for a year. There must be better ways of conducting business.

Mrs Thatcher's administration may have a habit of getting the big things right in the end; it cannot afford many more silly mistakes.

* HMSO. Cmnd 9525, Vol 1. £9.15.

Man in the news

P. W. Botha

Afrikaner with a reformist streak

By Anthony Robinson in Johannesburg

JUST OVER a year ago South Africa's then Prime Minister, P. W. Botha, was riding high. For the first time since South Africa left the Commonwealth and declared itself a republic, the doors of Europe's chancelleries were opened to a man who had just signed an accord with Marxist Mozambique and was about to become executive state president.

As he toured European capitals Mr Botha painted a vision of a new South Africa moving from destabilisation to peaceful co-existence with its neighbours and breaking the monopoly of White power at home but ushering Coloureds and Indians into the new tri-cameral parliament.

Now this tough, irascible Afrikaner, who was elected executive state president with almost Gaullist powers last September, faces the most difficult crisis of his 40 years in active politics. It is an extraordinary turnaround in the fortunes of a man who became Prime Minister in 1978 with the support of the military and the reputation of a "hawk" but who has spent the last seven years trying to persuade the White electorate that change has to come.

Born into a deeply-religious and highly-political family of Free State farmers in January 1916, he threw up his university studies in 1936 to become full-time National Party organiser in the Cape Province.

Quick tempered and impatient, Mr Botha was known in his youth as a heckler and political brawler and flirted with the neo-Nazi Ossewabrandwag which opposed participation in "England's war."

In 1948, the year of the National Party triumph over General Smuts' United Party, he was elected MP for the sleepy Cape seaside constituency of George.

Under Prime Minister Verwoerd, the architect of apartheid, P.W, as he is universally known was involved, among other things, with implementing South Africa's apartheid policies. Ironically, the man who was to bring Coloureds and Asians into parliament was inaugurated as president in Cape Town less than a mile from District Six, the former thriving, dockside Coloured area whose population was forcibly removed in the 1960s under his supervision.

But Mr Botha's biggest contribution to the shape of contemporary South Africa was made in his 14 years as Minister of Defence. During this time the military budget expanded twentyfold and South Africa developed an arms industry which allowed it to shrug off the United Nations arms embargo of 1977.

These were also the years when Mr Botha gained his reputation as a "hawk" by deploying these flexible new forces to destabilise "Marxist" neighbours with their Cuban troops and Soviet tanks

From this dual power base of the military and the National Party in the Cape, he emerged triumphant as Prime Minister in September 1978.

Mr Botha was subsequently influenced by those young Afrikaner technocrats he promoted who told him that apartheid was no longer compatible with a modern industrial society.

But like Richard Nixon, whose record of anti-Communism made it possible to seek detente with the Soviet Union and China, it was Mr Botha's hardline reputation which enabled him to tell White South Africans in 1979 that they had to "adapt or die."

Even so, the message was not well received by many blue collar and rural Whites, still wedded to the privileges of traditional apartheid. In February 1982, the National Party split as those who saw the proposed new tri-cameral constitution as the thin end of a wedge leading to eventual Black majority rule walked out of the National Party behind Dr Andries Treurnicht.

It was a traumatic moment. The split was contained to the defection of only 16 MPs by Mr Botha's dramatic intervention before the vote. But by some estimates the Conservative Party and others to the Right of the NP now enjoy the loyalty of up to 40 per cent of the White electorate.

It took considerable political courage to risk and accept a split in Afrikanerdom. Eighteen months later the risk was rewarded when 66 per cent of the White electorate voted in favour of the new constitution in a referendum.

Yet co-option of the Coloured and Asian communities into a limited form of power-sharing, has been only partially achieved. Instead, opposition to the new constitution and a largely successful boycott of the Asian and coloured elections turned into the focal point for the gathering wave of protest which after 11 months of violence led to the proclamation of a state of emergency last weekend.

Now the reformist strategy looks in tatters. Mr Botha is blamed by the right for going too far, and for not going far enough by influential reformist organisations

Pressure is also growing for the government to state its future intentions more clearly and move towards meaningful talks about some form of power sharing with moderate Black leaders such as Chief Gatsha Buthelezi and eventually with leaders of the banned African National Congress (ANC).

The way ahead is far from clear. But as recently as June 19 in his speech closing the parliamentary session, Mr Botha spelled out the bottom line: "I do not believe in the so-called unitary state based on one man, one vote. I do not believe in a system in which minority groups can be dominated."

What he meant was that he had no intention of presiding over the dissolution of the White/Afrikaner power base. On that the overwhelming majority of Whites agree.

LONDON'S SALEROOMS

The victims of success

By Antony Thorncroft

AUCTIONEERS AT Sotheby's and Christie's, the two largest fine art auction houses in the world, laid down their gavels in the major rooms yesterday, the end of the main 1984-85 London saleroom season. They will be very glad of the break.

Christie's, in particular, has had a disturbing time recently. Last week its chairman, Mr David Bathurst, resigned after it belatedly came to light that he had deliberately misled the market about the result of an important sale of Impressionist pictures in New York in 1981.

To maintain confidence he announced after the auction that three pictures had been sold when only one had found a buyer. Mr Bathurst hesitated, then walked the plank.

On top of this, Christie's turnover for the season, announced yesterday, was not encouraging—sales were only 1 per cent higher, at £337.5m worldwide. A year ago Christie's was reporting an annual rise in turnover of more than 50 per cent.

In contrast, Christie's arch rival, Sotheby's, seems in much better shape. Now a private company again since being rescued from its own crisis in 1983 by the American property developer, Mr Alfred Taubman, it released only one figure this week—international sales in 1984-85 of £502m as against £401m a year ago. Its growth was considerably less than in the 1983-84 season but it was a fair enough performance.

But like Christie's, Sotheby's has had its legal problems in New York. Last summer it held an auction of Hebrew books, despite publicly-expressed doubts by Jewish groups about their rightful ownership. This month, in an out-of-court settlement, Sotheby's agreed to retrieve many of the lots from the purchasers.

Both auction houses now face an inquiry from the New York Department of Consumer Affairs, which has become disturbed by the secrecy with which they cloak their activities.

The third company in the field, the much smaller Phillips, actually turned in the best figures, a 30 per cent gain in turnover to £57.6m. Unlike its larger competitors, it continues trading throughout the summer. Mr Christopher Weston, the chairman, has announced a record 60 sales for August alone, and he is optimistic about prospects in Phillips' main sector, middle price range items from £1,000 to £10,000.

Auction houses make their money by charging both vendors and buyers, usually taking 20 per cent of the price of any item sold. For all the headlines trumpeting record prices, 45 per cent of Sotheby's turnover, for example, comes from lots of £5,000 or less.

To a great extent both Sotheby's and Christie's are

This Botticelli portrait fetched £810,000 at Christie's.

victims of their own success. Through astute publicity and their ability to convince the rich—especially the American rich—that works of art are a good investment, their sales have spiralled upwards. For example, Christie's annual sales have grown from just £15m in 1970 and Sotheby's from £35m the same year. They are now finding it difficult to maintain the growth rate of recent years.

In addition, a season which attracts some especially valuable properties can leave the auction house with an almost impossible task in the succeeding year. In 1983-84 Christie's raised £21m in about an hour by selling the Old Master drawings of the Duke of Devonshire.

This season it had only one very important property, the Marquess of Northampton's Mantegna painting "The Adoration of the Magi" which made £8.1m in April. If you remove both these items from Christie's figures it would show a London sales increase in 1984-85 of 14.1 per cent.

But in New York it is decisively down, from £158m to £144.9m, and it is New York which has overtaken London as the main auction centre for works of art. Sotheby's made fine art sales respectable there, and developed a package of services for wealthy Americans aimed to ensure that buying works of art becomes as simple and natural to them as investing in Wall Street.

This was best illustrated in May in the Florence J. Gould auction of Impressionist pictures. Sotheby's pinpointed 200 "first-time" buyers of Impressionist art and tempted them to bid through such devices as discreet boxes above the auction floor linked by telephone to the auctioneer, thus ensuring privacy.

Sotheby's is also prepared to talk about cash in advance to prospective buyers; holding works of art as security against loans; arranging annuities for elderly owners of valuable collections on the understanding that it will eventually auction the works; and general credit terms.

By such devices, and in particular by persuading newly-rich Americans that art is a safe investment, Sotheby's has managed to maintain its edge in New York sales, especially in the key high-price areas of Impressionist and contemporary pictures.

Christie's prefers to concentrate on auctioneering and is suspicious of undertaking banker-like roles. Perhaps as a consequence it has not had such a good season in New York.

It was late in setting up there, not opening its auction house until 1977, and to make up for lost time tried to win important business by accepting a lower commission from the vendor, sometimes as low *as 4 per cent against the usual* 10 per cent. It also made over-optimistic estimates of the price certain works of art were likely to fetch.

Mr Bathurst, who headed Christie's operation in New York until January, fell into this trap when persuading Cristallina, a Swiss art dealer, to entrust it with eight Impressionist pictures in 1981.

But despite the fact that New York now accounts for half of Sotheby's international turnover, it is not all plain sailing there. High labour costs make *it much less profitable per lot* handled than London, and this week Sotheby's announced a rationalisation plan which would trim its staff by 51 to 1,350, and involve refusing low-value lots.

It is also shifting certain departments, such as musical instruments and Japanese works of art (with the exception of prints), to London.

Prospects for the new season depend mainly on the health of the U.S. economy, and partly on the auction houses' ability to make their operations more open and understandable.

Sotheby's is able to announce one very important auction for New York in October, of 468 original watercolours of lilacs, which were produced between 1802 and 1816 by Redouté. Individual prints have fetched over $100,000 and here are the originals in profusion. A total of many million dollars must be expected.

If the auction houses continue to attract such works, and convince the rich that art is an easily negotiable, appreciating asset, another good season is on the cards, the economy willing. But the market was noticeably selective this year, with items of mediocre quality, or in poor condition, proving difficult to sell.

The sale rooms will have to keep their fingers more tightly crossed in 1985-86, and improve their image, if they are to announce a substantial increase in sales next July.

The Austrian wine scandal

How the drinks were spiked

By Rupert Cornwell in Vienna

"He's the wine correspondent of Practical Motoring"

AS A chemical, diethylene glycol serves many purposes. It may be used as an air disinfectant, a thinning agent for varnishes and lacquer, or, most commonly, as an ingredient in antifreeze for cars. It also, as all Austria and half the planet must know by now, can have a wonderful way with wine. Unfortunately, if taken in large quantities, diethylene glycol, or di-glycol, is lethal.

This weekend, a country of just 7.5m people, best known as an idyllic holiday destination, is still hard put to come to terms with its current, and peculiarly lurid, contribution to *the history of international* wine scandals.

Official word that quantities of Austrian wine had been *doctored with di-glycol filtered out* only belatedly to the wider world just two and a half weeks ago — in West Germany, the largest export market for these wines.

Since then, the trouble has grown with every passing hour. In Austria itself 5m litres of wine, a quantity equivalent to nearly 2 per cent of 1984's total production, have been confiscated. More has been seized *abroad. Austrian wine has been* banned in the U.S., in most other countries, where it has not already met a similar fate, *it is virtually unsaleable.*

The Austrian media these days carry news of little else. Each time matters seem close to containment comes another unpleasant surprise: the latest, on Thursday, that small quantities of tested wine had been laced with 48 grammes per litre of the poison, three times the dose usually held to be potentially fatal.

At the latest count, 200 suspect brands of wine traded by 40 firms had been publicly blacklisted by the Vienna Health Ministry, and seven people have been arrested in connection with the scandal. The search for more culprits continues as rapidly as the overstretched resources of the authorities will permit.

The damage far outstrips the £17m brought in by the 47.8m litres of wine which Austria exported last year, a fifth of national output. The "black sheep" may well prove to be few. But the reputation of the country's entire wine industry, of its 52,790 growers, its 52 co-operatives, and 1,582 *shippers, now lies in ruins,* at least abroad.

The Government of Chancellor Fred Sinowatz, if not quite tottering, is under pressure. His Health and Agriculture Ministers are resisting calls for their resignations for failing *to have dealt with the affair* more speedily, while the conservative opposition party OeVP scents the chance of *political advantage.*

As Vienna basked this week in summer heat, Herr Sinowatz summoned a crisis session of ministers and top provincial officials for Monday. But it may already be too late to limit the wider harm to Austria's standing *abroad, hardening its* popular image as the irredeemably unreliable "south" of the German-speaking world, a land of froth and fecklessness.

That, though, would be wretchedly unfair to what Herr Kurt Schober of the Agriculture Ministry calls "the overwhelming majority of honest wine-growers" whose good name and —until this month at least— blossoming international reputation have been sullied by a handful of "criminals."

Nevertheless, their villainous and dangerous scheme must command sneaking admiration for its neatness. It was, after all, a piece of malevolent chemical genius to realise the potential of di-glycol to enhance wine, imparting what expert nostrils have described as "a rounded smooth sweetness" to other*wise unremarkable vintages.*

From the viewpoint of the oenological alchemist, the stuff has three great advantages. It is cheap, easily obtainable, and— until very lately—virtually undetectable. What is more, Austrian wines with their premium *on sweetnses proved a perfect* target.

By adding the chemical, modest or even table wines could be convincingly altered to something better, commanding a higher price. An ordinary vintage might be transformed *into high grade Prädikatswein,* including the *Spätlese, Auslese* and *Beerenauslese*—even into the rare and prized *Eiswein, literally "ice wine," made from* grapes, harvested exceptionally late and pressed while frozen.

The rule-of-thumb calculation *—admittedly cast into some* doubt by the elephantine quantities of the chemical found in isolated samples of wine — was that one litre, *ie* 1,000 grammes, of di-glycol, which costs around £5, was enough to "look after" 1,000 litres of wine.

The unscrupulous trader thus had the choice of either selling a cheap product at higher prices, or undercutting rivals in what is a fiercely competitive, over-supplied wine market. The profit potential was considerable. In Germany, for example, some Austrian *Auslese* wines, which even at home would sell for the equivalent of DM 6 or DM 7, was on *bargain offer at only DM 4* a bottle.

But, the recrimination now runs, should not someone therefore have smelt a rat sooner? No, says Vienna. According to Herr Schober, his ministry received an "anonymous tip" *that the poison was being used* in wine only late last year. Another version has it that the scheme came to light merely *because a vigilant tax inspector* noted that someone had the temerity to claim expenses for di-glycol used in wine.

What is more, Austria became the first country in the world to perfect a method of tracing di-glycol (down to a dosage of *only 5 milligrammes per litre)* only in March this year. A month later, the sinister findings were made public. But *somehow no one seemed to* notice. The West Germans, normally so pollution-conscious, were told on April 26, but Bonn *waited more than two months* to make the announcement which unleashed the scandal.

It appears that a few dealers and tax accountants involved with buying up wine from individual producers, were mainly responsible. "Thus far, none of our 15,000 growers has been implicated," says Dr Ludwig *Kracher, in charge of wine at* the Agricultural Chamber in Eisenstadt, capital of the Burgenland province, the producing region most deeply implicated in the affair.

But a few miles away only, in the pretty resort of Rust, its pastel-coloured houses surrounded by lush green vineyards, that is small consolation. Rust—unhappily named, perhaps, in this context—produces some of Austria's best sweet wines. But thanks to an ambiguity in the country's labelling laws, the word Rust has been open for use—and indeed used—by the pedlars of poisoned wine. "Our reputation has been exploited, and it'll take a generation to put things right," complains Frau Ursula Schandl, whose husband, Peter, one of Rust's 94 growers, last week swore before a notary that he had never touched di-glycol.

Belatedly, Vienna will now change the denomination rules, making it clear exactly where *quality wines come from.* But whether foreign buyers will now bother to wade through long German words on the labels is another matter.

Other measures, too, are on their way to implement the "root and branch purge" that the authorities promise. The wine laws will be tightened further this autumn. In future premier *Prädikatsweine* will be exported only in bottle thus eliminating shipment by tankers, much easier to spike with di-glycol, or anything else.

But problems will remain. How, for one thing, to get rid of 5m litres of contaminated wine? An attempt last week— obviously the work of those with something to hide—to unload a large stock of it into a river in the Burgenland, caused a water treatment plant to break down and exterminated much of the nearby fish population. But the Ministry maintained, the wine will be destroyed. Vienna moreover, is adamant that doctored wine is no longer leaving Austria.

Admittedly, of course, in the present circumstances it is not easy to export even the healthiest of Austrian wines. But so far no one is reported to have died of drinking such wine and even this scandal — magnified perhaps by a silly season dearth of "proper" news — will *in time be forgotten.*

Whatever else, the Austrians have not yet lost their sense of humour. An old joke is doing the rounds again about the wine grower on his death bed who summons his two sons. "Do you know," he says, "you can even make wine from grapes?" "Goodness," one son says to the other, "now he really is getting delirious."

Letters to the Editor

High pressure selling

From Mr G. Spencer

Sir,—High pressure selling is one thing. Add *misrepresentation* and it becomes quite another.

I refer to the majority of home improvement concerns marketing double glazing, fitted kitchens and stone cladding. It relates specifically to their well practised method of inducing householders to enter into expensive loan commitments as a means of funding purchases and also providing the companies with an added bonus by way of substantial introductory fees from finance houses.

To allay any misgivings it is claimed that even for the buyer with the cash available, it is actually cheaper to take advantage of a "Government sponsored" tax relief finance home improvement loan than to use their own money.

For example, a £4,000 loan *over five years will be repaid* by 60 monthly instalments of some £100 net of tax relief at a total cost of £6,000. Over the same term £4,000 invested in a building society will be worth £6,442 — a saving of £442. (Borrow net at 19 per cent, invest at 10 per cent and make a turn!) Figures assume total home loans and income tax rate do not exceed £30,000 and 30 per cent respectively.

This illustration conveniently neglects to mention the person who pays cash. His £100 a month is available for investment. Saved regularly in a building society at 9.25 per cent it will produce £7,577 tax free in the same period. At the final count the borrower far from being £442 better off is £1,135 out of pocket!

Finance houses themselves doubtless turn a blind eye on grounds that such a lucrative end justifies the means. Remember, borrowers are locked in up to 10 years at historically high fixed rates approaching 30 per cent annually gross. The High Street banks at about 23 per cent are a better bet, despite an initial handling charge.

Clever deception maybe. But it calls into question the desirability of home improvement companies holding credit broker licences which they so clearly abuse.

G. R. Spencer.
145, Cromwell Road, SW7.

Scale of legal fees

From Mr C. Southam

Sir,—A correspondent (Briefcase, July 20) asked you about the charges which he had to pay to a solicitor in respect of his work in the sale of a building plot. He thought that the charges were excessive and wondered whether he might be able to sell a second plot without using a solicitor. You advised that he should retain a solicitor or perhaps use the earlier conveyance or transfer as a guide. What you did not say is that, if a client is dissatisfied with his solicitor's charges in a case such as this, he is entitled to ask the solicitor to obtain from the Law Society a remuneration certificate. The Law Society will look at the solicitor's file and decide whether, in its view, the charges *were fair and reasonable, bearing* in mind all relevant factors. Your correspondent, therefore, may be well advised to contact *the Law Society* who will no doubt be pleased to assist.

C. A. Southam.
Pardoe David and Shaw,
6—9, King Square,
Bridgwater, Somerset.

Reduction in red tape

From Mr B. H. White

Sir,—I am sure that small *business looks forward* with eager anticipation to the reduction in red tape that Lord Young and his newly formed team of civil servants will surely provide. Unhappily, everyone—particularly those large enough in business to use a computer for their payroll— is being burdened with one of the strangest changes in living memory. The new National Insurance contributions involve *a very odd concept,* which is only now becoming fully apparent following the issue of 30 pages of guidance by the Department of Health and Social Security in Newcastle.

Unlike income tax, where a banding structure applies but you pay tax on the salary within each band, the National Insurance rules are that when you hit a band, it applies to all your earnings, not just those in *the band. This means that* if a person's weekly earnings increase from £89.99 to £90, he pays an extra £1.84 in employee's contribution. Similar anomalies appear at each break point.

This could lead to the interesting phenomenon of trade union negotiators *demanding* wage reductions of 50p or thereabouts for certain employees. More likely, however, is a demand *for the payroll* programmers automatically to reduce wages to maximise take-home pay if the unfortunate *employee hits this anomaly.*

A more serious consequence of the changes is that every payroll package in the land will have to be reprogrammed. It was hoped by those paying for the reprogramming that the last change to a unified rate would mean that in future, only the numbers in the bands would have to change, not the logic of the operation. Now, once again, a major reprogramming effort is involved.

The pensions world will suffer *equally or perhaps even more.* In order to calculate the guaranteed minimum pension applicable to contracted out *employees, it is already necessary* to save and print at year-end the amount of earnings within the contracted out band. Under the new system, programmes will presumably have to be changed to retain the amount of contracted out earnings in each of the new bands. However, the DHSS does not tell us what to do nor, when telephoned, will it give any guidance. Until the rules are known, neither the pension *packages nor the payroll packages* can be correctly amended. It appears that the DHSS has told inquirers that they should keep the same figures for this year, in spite of the changes. This would mean that a new round of reprogramming is necessary next year, when the *DHSS finally* bites the bullet and decides how it wants to implement the scheme.

All this from a Government *which set out to simplify* and reduce taxes. I wonder if the people who make these changes have ever operated the payroll even for a sweetshop.

Barry H. White.
51 Fordington Road,
N6.

Breadmaking wheats

From Mr H. Rankin

Sir,—Mr John Cherrington (July 23) states that he finds it very hard to achieve 11 per cent *protein* content from breadmaking wheats other than from low yielding spring varieties. We write to say that this difficulty must be influenced by his particular farming practices or his land, but does not in any way reflect the overall production pattern in the United Kingdom.

Our company alone has absorbed over 38,000 loads of breadmaking wheats ex the *1984 harvest and the protein* content has averaged 11.6 per cent, and the percentage of spring wheat varieties was nominal. Our records show that this figure was even higher ex the 1983 harvest at 11.9 per cent protein.

Amongst a number of quality parameters, including the variety, it is our view that the more relevant criteria for achieving breadmaking standards for flour millers is the Hagberg level which is a *measure of the amylase activity* in the wheat. Excess of amylase leads to over production of sugars resulting in loaves of irregular shape and a sticky crumb. In order to continue using high proportions of UK wheat, millers need a Hagberg falling number of at least 280.

It is recognised that Hagberg level is the quality over which the farmer has the least control because he is at the mercy of *the weather, but perhaps* he could reduce this risk by harvesting breadmaking varieties first.

H. D. P. Rankin.
Allied Mills,
Sutton, Peterborough.

The diplomacy of culture

From Mr P. T. Walker

Sir,—Your editorial, "The diplomacy of culture" (July 16) draws attention to the very good case to be made for giving more, not less, support (ie money) to the British Council.

I travel frequently in areas such as South-East Asia, South *America and Europe, and have* been both surprised and impressed by the degree of pro-British sentiment I have found. There is a widespread desire in these societies to learn more about English language and culture. There is also a great appreciation of the activities of *the British Council, not to mention* an eager audience for the BBC World Service, which is also short of funds. Such enthusiasm contrasts sharply with the neglect shown to these bodies by the Government, and its seeming ignorance of the diplomatic benefits to be had by supporting them.

In countries as far apart as Chile, Malaysia and West Germany, local people cannot understand why the British Government does not share their interest in the promotion of British culture. Neither can I.

P. T. Walker.
54 Montana Close,
South Croydon, Surrey.

The price of sugar

From Mr T. Rodgers

Sir,—I have read with interest the recent correspondence in your columns criticising the EEC sugar regime by several of the UK food manufacturers. Taking the points that have been put forward, they would create several difficulties.

The economies of our Commonwealth friends would be crippled, as they are dependent on the maintenance of the present EEC sugar price for a large part of their overseas export earnings.

Tate and Lyle's refining operation in the United Kingdom would probably no longer be viable, causing many thousands of lost jobs.

British Sugar would be the only producer in the UK, supply*ing only half this country's* requirement, leaving the rest of that requirement to be filled by poor quality Continental sugar *with the attendant* balance of payments benefits to our EEC partners.

All this against a background that the price of 1 kilo of sugar in the United Kingdom retails at 48p, in the United States 59p, in Japan 83p and in Finland £1.01. It does leave one to wonder what motivates these ill thought out suggestions.

T. Rodgers.
Homefields,
Nene Way,
Sutton, Peterborough.

The gift of tongues

From Mr D. J. Liston, CBE

Sir, — I should like to add a postscript to recent correspondence stimulated by the provocative article of David Lascelles on the need for the "gift of *tongues." It surfaced in the* course of a research study on business studies and languages, carried out jointly by myself and Professor Nigel Reeves of Surrey University.

Significantly, it was quoted, without comment, by Le Monde under the heading "Grande-Bretagne: Question de langue."

It is an extract from a telex received by a British supplier from an angry and frustrated *customer in France:*

"Lorsque nous téléphonons votre standardiste ne connaît pas le français et raccroche le téléphone tout simplement sans chercher. Vous voudrez bien lui expliquer que l'anglais est certes une langue merveilleuse mais pas encore universelle. Si *vous voulez continuer à travailler* avec l'étranger il vous faudra faire un effort. C'est ce que toutes les autres nations font."

As a compliment to David Lascelles, I offer it in the original text without translation.

David Liston.
15, Twyford Court,
Northlands Drive, Winchester,
Hants.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	8.25	9.25	9.52 Seven-day account
			10.75 Higher interest account 90 days' notice or charge
			7.00/9.52/10.00/10.50 Cheque-Save
			11.00 High rate bondshare
Aid to Thrift	9.50	—	— Easy withdrawal, no penalty
Alliance	8.25	9.25	10.00 BankSave. Balance of £2,500. Current account. Balance under £2,500, 9.00. Minimum initial investment £500
			10.00 Gold account. Minimum investment £500. Imm. wdl.
			11.00 Premier ½-yearly/mthly. min £1,000. Imm. wdl. (pen.)
Anglia	8.25	9.25	10.00 Instant gold. Annual int. No notice or penalty
			10.75 3-year bd. 90 days' not./pen. Differential 2.5 guaranteed
			11.00 Capital plus £10,000+. Annual int. 60 days' not./pen.
Barnsley	8.25	10.00	10.75 2-year term share—£1,000+—3 months' notice
			10.10 Special invest. (28 days' notice) 10.10 monthy inc. a/c
Bradford and Bingley	8.25	9.25	10.00 No notice, no penalty. £1,000+
			11.00 3 months' notice without penalty. £5,000+
Bristol and West	8.25	9.25	9.50 Plus account £1,000+. No notice. No penalty
			10.30 £20,000+. 10.10 £5,000+, 9.90 £1,000+
			7-day notice Triple Bonus. Also monthly income
			11.00 Special 3-month account, £5,000+, 3 months' notice
Britannia	8.25	9.25	10.80 90 days' notice
Cardiff	9.75	9.85	10.80 90 days' notice or penalty if balance under £10,000
Catholic	8.65	9.55	10.05 Extra share, £5,001+ 10.30, 30 days' notice
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	8.25	9.25	11.10 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	9.25	10.75 Gold. No notice. No penalties. £20,000+, 10.75. £500-£19,999, 10.25. Under £500, 8.25
Citizens Regency	8.25	9.75	10.00 7 days, 10.00 1 month, 10.25 2 months, 10.85 3 months
City of London (The)	8.50	9.75	10.25 3 months' notice—no penalty—monthly income
			9.95 7 days' notice immed. access for amounts over £5,000
Coventry	8.25	9.50	11.10 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential
			10.75 Moneymaker £20,000+, 10.50 £5,000+, 10.25 £1,000+, instant access no penalty, monthly income option
Derbyshire	8.25	9.50	11.00 2 years, 3 months' notice, 10.75 monthly income
Frome Selwood	8.25	10.50	10.80 90-day account, instant access for balances over £10,000
Gateway	8.25	9.25	10.75 Gold star £20,000+ No notice. No penalties. 10.50 £5,000+ 10.03 £1,000+
Greenwich	8.25	—	10.80 60-day account (no notice account 9.50-10.00)
Guardian	8.50	—	10.85 6 months' not. £1,000 min. Access to balance £10,000+
Halifax	8.25	9.28	9.75 Instant Xtra. Immediate withdrawal no penalty
			10.75 90-day Xtra. 90 days' notice no penalty (£500 minimum)
			10.60 Premium Xtra (£10,000 min.) guaranteed 2.00 diff. 3 yrs.
Heart of England	8.25	9.50	11.00 and 10.75 High Interest. 10.00 90-day notice
Hemel Hempstead	8.25	9.75	11.00 90 days. 10.25 60 days. 10.00 28 days
Hendon	9.35	—	10.10 7-day account. Minimum £500
Hinckley and Rugby	8.25	11.55	10.90 1-year certain minimum £500 monthly income £5,000
Lambeth	8.40	9.50	8.90 7-day a/c, 10.85 Magnum a/c 6 weeks+loss of interest
Leamington Spa	8.35	—	10.50 Super share, no notice, 14 days' pen. £2,000 minimum
			11.10 Super share, no notice, 14 days' pen. £5,000 minimum
			11.40 Super share, no notice, 14 days' pen. £20,000 minimum
			10.50 High flyer, no notice, no penalty, £5,000 minimum
			10.75 High flyer, no notice, no penalty, £20,000 minimum
Leeds and Holbeck	8.25	10.00	11.00 Monthly interest, 10.25 28 days' notice, 10.60 90 days' notice or penalty, neither if £10,000 still in account
Leeds Permanent	8.25	9.25	10.75 Limited edition £5,000 3 months' notice or 90-day pen.
			10.25 HRAS 3 mths.' not., 10.00 Liq. Gold no pen./no notice
Leicester	8.25	9.25	9.60 £500+ immediate withdrwl. no penalty, 10.75 £10,000+ minimum 1 year, 10.25 £2,000+ minimum 1 year
London Permanent	8.75	—	10.25 60 days' notice or imm. wdl. no penalty if bal. £7,500+
Midshires	8.25	—	11.00 Prestige £10,000+ 2.75 gtd. 3 yrs. 3 mths.' notice/pen.
			10.75 P. £500-£9,999 2.5 gtd. 3 y. 3 m. not./pn. M. inc. £1,000
Mornington	9.80	8.25	9.60 £2K. 10.00 £2K+, 10.10 £10K+, 10.25 £20K+
National Counties	† 8.55	9.20	10.65 90 days' notice, no penalty. † £1,000+
National and Provincial	8.25	9.25	10.75 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60 days' notice/pen.
			10.75 Special share 60 days' notice/penalty unless £10,000+
			10.25 Money man. £10,000+. No notice, no penalty
Nationwide	8.25	9.25	10.75 Capital bonds, 3 years, 90 days' notice/penalty
			10.75 Bonus-90 £20,000+, 90 days' notice/penalty
			10.50 Bonus-90 £10,000-£19,999, 90 days' notice/penalty
			10.25 Bonus-90 £200-£9,999, 90 days' notice/penalty
			9.75 Double bonus, minimum £500, no notice/penalty
Newcastle	8.25	9.50	10.75 Two-year term. 10.25 60 days' notice. 9.75 7 days notice. On demand by arrangement
Northern Rock	8.25	9.50	10.75 Moneyspinner plus £20,000 or more, instant access
			10.25 Moneyspinner plus £10,000 or more, instant access
			10.00 Moneyspinner plus £5,000 or more, instant access
			9.75 Moneyspinner plus £500 or more, instant access
Norwich	8.25	9.50	9.80 7-day share/monthly income option 10.00 on £10,000+
Peckham	8.90	—	9.90/10.40 immediate withdl. if over £2,000. Monthly income
Peterborough	8.25	9.55	10.85 pa "85" shares—85 days' notice—monthly income
Portman	8.25	10.50	10.25 Flexi-plus. Minimum £500. No notice, immediate withdl.
			10.65 Premium. Minimum £500. 2 months' notice. No pen.
Portsmouth	8.40	9.90	11.20 5-year, 11.00 3 year, 10.85 90-day, 10.25 30-day
Property Owners	8.75	10.25	10.55 3 months, 10.25 6 months, 10.10 28 days, 10.00 im. ac.
Scarborough	8.25	9.50	10.45 Over 55s no penalties M.I. minimum £250—10.15
Skipton	8.25	9.50	10.80 Sovereign £10,000+, 10.30 £500-£9,999 monthly, income 10.30 min investment £2,500, instant access no penalty
Stroud	8.25	9.00	11.00 2-year term. Notice accounts 10.75 3 months, 10.25 1 month
Sussex County	8.25	9.75	9.50 7-day, 9.90 Sussex High, 10.75 90-day
Thrift	9.20	—	10.20 3-year term. Other accounts available
Town and Country	8.25	—	11.00 2-year term £10,000+, 10.75 £500-£9,999 withdrl. avail.
			10.75/7.00 Moneywise cheque/Visa. Int. varies with balance
			10.75 Super 60 ½-year interest £500, wdl. available, mth./inc.
Wessex	10.10	—	— No notice—no penalties—minimum £1
Woolwich	8.25	—	9.75 Prime—no notice, no penalty, minimum £500
			9.75 Monthly income shares, 28-days' notice
			10.75 Capital, 90 days' notice/penalty
Yorkshire	8.25	9.25	10.15 Diamond key, 28 days' notice or 28 days' penalty
			11.05 Platinum key, 60 days' notice or 60 days' penalty

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

UK COMPANY NEWS

Downturn in U.S. hits Lex Service

Lex Service's warning of a slump was realised yesterday when the vehicle and electronic components distribution group announced an interim taxable profit of £7.9m, considerably adrift of last year's comparable £26.9m.

It became apparent late last year that Lex was beginning to suffer from a downturn in semiconductors demand which, says Mr Trevor Chinn, the chairman and managing director, severely affected the first half results to June 30.

"The depth of that downturn and the consequent problems for the U.S. semi-conductor industry have been on an unprecedented scale and took place earlier than we and many others anticipated," he says.

Electronic components distribution operations in the U.S. showed a near £14m swing to losses of £2.5m, and with the UK, West Germany and France not far above breakeven there was an overall deficit of £1.5m against a profit of £16.8m.

Automotive distribution businesses, now wholly UK-based, managed to match the corresponding profit of £15.6m although margins were squeezed in a competitive market with continued discounting.

The City, alert to Lex's problems, had braced itself for the results and after a pre-announcement fall the shares finished the day unchanged at 185p.

Despite the slump and the minimal of cover—earnings fell from 18.9p to 5p per share—the interim dividend is being held at 4.1p and the board intends to maintain last year's final payment of 6.5p.

Expanding on the results, achieved on sales down from £567.6m to £547.5m and struck after a £0.8m rise to £4.7m in interest charges, Mr Chinn says that Schweber Electronics, the third largest electronic components distribution company in the U.S., achieved a small profit.

The subsidiary's sales declined from a peak of $245.7m to $183.8m as the quantity of items per sale transaction and the selling prices of many components fell.

"Considerable attention has been paid to increasing operational efficiencies enabling reduced levels of working capital at Schweber," he says.

In Europe the electronic components businesses also experienced reductions in demand, occurring rather later than in the U.S. Progress has been made in implementing a franchise strategy, particularly in West Germany, although "at some cost to short-term profit."

TRADING PROFIT BREAKDOWN

	Half year 1985 (£m)	Half year 1984 (£m)
Automotive†	15.7	15.6
Electronic		
UK	0.8	3.3
U.S.	2.5‡	11.4
W. Germany & France	0.2	2.1
Transport†	0.7	0.4
Other		
UK	0.2	0.6
U.S.	0.3‡	0.7
Total		
UK	17.4	19.9
U.S.	2.8‡	12.1
W. Germany & France	0.2	2.1
	14.8	34.1

† UK only. ‡ Loss.

The David Jamison Carlyle Corporation, a computer products distributor in the U.S., in which Lex has an 87 per cent interest, reflected problems of the industry and continued to be disappointing.

Transport operations, however, improved and returned a higher £700,000, against £400,000, on turnover up from £31.8m to £36.2m.

Regarding prospects, the chairman says that it is likely that total car registrations for the full year will be similar to 1984 though it is more difficult to forecast the level of sales for electronic components businesses.

"It is not possible to determine whether the bottom of the cycle for the industry has yet been reached in either the U.S. or European markets.

"It is unlikely that without a sustained improvement in the demand for electronic components and particularly semiconductors, the results from these companies for the second half of the year will show any improvement over the performance recorded in the first," he says.

See Lex

Astra Industrial cuts loss to £102,000

A SUBSTANTIAL improvement in trading has been experienced at Astra Industrial Group, and as a result pre-tax losses have been greatly reduced from £1.46m to £102,000 in the year to April 30 1985. At halfway, losses of £63,000 against profits of £68,000 were reported.

The biggest improvement was seen in engineering where trading losses of £966,000 were transformed into profits of £243,000. Leisure activities also returned to the black with profits of £105,000 against losses of £115,000, and property and investment contributed £1,000 less at £57,000.

There was an exceptional item this time of £66,000, being additional provisions to the value of £48,000 which have been made to cover obsolete and slow moving stock at Cressall held at April 30, 1984.

Group turnover was £5.34m (£6.86m).

No tax was payable against £113,000 last time. There was an extraordinary debit of £28,000 (£2.59m), representing the additional cost incurred in the closure and disposal of Parkfield, and the resulting rationalisation costs.

No dividend is again being paid — last year an interim of 0.125p was the only payment made. The loss per 5p share was reduced from 3.47p to 0.18p.

● comment

A year after its rescue rights issue, Astra Industrial remains a penny stock. It closed yesterday at 6½p, up ½p, against a rights price of 8p. But this lack of stock market progress should not be taken as a sign that nothing much has changed at the company. For at the hands of Mr Peter Dellar and Mr Philip Dobson, the group's heavy losses have been staunched by cuts and reorganisation and now the company is feeling its way forward with small acquisitions. Having been let down so often in the past, Astra shareholders have every right to be sceptical, but it appears that a soundly-based business concentrating on engineering rather than property has emerged from the ashes. In the year to April, the group managed to virtually reach break-even despite all the turmoil of management changes. This year the company could be on the way for about £500,000 pre-tax, which might even be enough to fund a dividend. It is Mr Dobson's ambition to shake off Astra's penny-stock reputation—he could well succeed.

Guinness extends its offer amid more bitterness

BY LISA WOOD

THE BITTER war of words between Guinness and Arthur Bell continued yesterday as Guinness extended its offer to August 6.

On Thursday, the second closing date for the £290m cash and share bid, acceptance had increased marginally to 5.22 per cent compared with 5.04 per cent at the first closing date.

Mr Ernest Saunders, chief executive of Guinness, stressed again there were no credible arguments to justify an increased offer for Bell.

The niggling centred yesterday on a letter sent to shareholders by Bell which clarified claims by Bell in a letter to shareholders rejecting the Guinness offer concerning growth of Guinness's trading profits and Bell's whisky sales overseas. That provoked a complaint to the Takeover Panel which after discussions with the two companies asked Bell to clarify them.

On reading the Bell's clarification document, Mr Saunders put out a statement to Bell's shareholders saying: "This lack of accuracy by Bells, even about its own business, confirms our belief that the board is confused and unaware of the problems that face it. That the board of Bell has been required to take this unusual step must in our view emphasise the need for you to question any statements they make."

A few hours later, an obviously irritated Mr Raymond Miquel, chairman, retorted in a statement that Guinness's comments were grossly inaccurate and misrepresented the discussions with the Take-Over Panel.

"The panel has not asked Bell's to withdraw or change any statements made by Bell's," said Mr Miquel. "Accordingly in the light of this clarification, Bell's stand by what it has said."

The clarification document enlarged on two points. The claim that Guinness's trading profit, under its new management had increased at an average of only 3.7 per cent a year and that Bell's Scotch was the fastest growing brand outside the UK, a claim Guinness has disputed.

Saga first half losses reduced to £1.8m

REDUCED LOSSES of £1.83m against £2.26m previously were incurred by Saga Holidays for the six months to April 30, 1985. Turnover improved by 22 per cent from £18.59m to £22.7m.

Saga's business is highly seasonal, Mr Roger De Haan, chairman of this tour and hotel operator, says, with the majority of its sales in the second half of the financial year.

Overheads, however, are more evenly spread throughout the year, so the first half reduction in losses is a good sign. All the indications are that the full year's results will be very satisfactory. The group is looking for a growth in turnover of about 15 per cent, and for some improvement in gross profit margins.

An increased interim dividend of 1.6p (1.3p) has been declared. Last year's 4p total was paid on taxable profits of £2.55m. For this half stated losses per 20p share are reduced to 7.29p (8.73p).

The board feels that the running of hotels no longer fits within the group's strategic objectives and steps have therefore been taken for their disposal.

● comment

Not many tour operators are boasting increased turnover and increased profit margins at the moment, but then Saga Holidays is not like most other tour operators. Its specialisation in the direct sale of off-peak holidays to the over-60s has enabled it to stay aloof from the battle being waged between the major operators for peak season business. Saga benefits in part from demographic and sociological trends: the number of old people is rising, their spending power is increasing, and they tend to be more experienced in foreign travel. But it is also profiting from recognising its strengths and weaknesses. It has withdrawn from its attempt to go into the mass market through Laker and is about to sell its six hotels, instead concentrating on its successful niche market and investment ability. The first-half loss was smaller than expected and the shares rose 5p to 155p. The second half should see a significant rise in profits, partly as a result of further advances in turnover and margins. Some £4m is in prospect, which has the shares looking inexpensive on a prospective p/e ratio of 13 after a 47 per cent tax charge.

Tesco to appoint woman director

TESCO directors were asked at yesterday's annual meeting to elect Lady Shirley Porter, daughter of the late Sir Jack Cohen, founder of Tesco, on to the board. The move came as her husband, Sir Leslie Porter, stepped down as chairman and handed over to Mr Ian Maclaurin, who became the supermarket chain's first non-family chairman.

Three women shareholders complained there were no women on the board, although the majority of customers currently spending over £3bn a year with the company were women, and one suggested Lady Porter as an "ideal candidate."

Mr Maclaurin commented: "We hope to be able to appoint a lady in the not too distant future," but Tesco indicated this would not be Lady Porter.

Debenhams and Burton step up takeover battle

BY MARTIN DICKSON

Debenhams, which is fighting a £550m takeover bid from Burton Group, said yesterday that its sales in the first 20 weeks of the year were 10.9 per cent up on last year, while retailing profits were ahead of both budget and corresponding 1984 results.

The figures came in its document urging shareholders to reject Burton's increased offer, which closes finally next Friday. Debenhams said the figures were in line with its £50m profits forecast for 1985.

Meanwhile, House of Fraser, Debenhams' High Street rival, announced yesterday that it had increased its stake in the stores group to 13.36 per cent.

Although Fraser's strategy remains unclear, the continued building up of its stake gives it an important say.

However, in a rival letter to shareholders last night, Burton said that an offer for Debenhams by House of Fraser, or even the acquisition of a further significant shareholding, was likely to be assessed carefully by the Office of Fair Trading. It also pointed out that Burton's offer could be declared unconditional if it gained control of over 50 per cent of Debenhams' shares.

Burton's shares closed last night at 438p, up 1p on the day, at which level its shares and cash bid values each Debenhams' share at just under 323p, below its 327p cash alternative offer. Debenhams' shares closed down 2p at 308p.

Debenhams' document said Burton's offer was inadequate, offering a price which represented little, if any, premium over the real value of the company and an "over-stretched management without experience of multi-level stores and merchandise other than clothing." Debenhams' current share price, it added, was "well supported by the profit and dividend forecasts for the current year."

Burton's letter said its offer represented an uplift of 76 per cent over the price of Debenhams' shares before bid speculation; a multiple of 19 times last year's earnings and a premium of 67 per cent over net asset value.

Flextech profits doubled

AN INCREASE of almost five times in the contribution from its associated company in France was the main factor in the doubled pre-tax profits of Flextech, a USM-quoted energy-related investment company.

With income rising by 21 per cent to £1.15m (£948,000) and the share of profits in related companies increasing from £950,000 to £2.53m, pre-tax profits rose from £1.55m to £3.28m. A dividend will not be paid.

The company's share of Coflexip in France rose from £394,000 to £1.88m. Mr L. V. D. Tindale, the chairman, said the company had made excellent progress in 1984, having overcome the problems of the previous year, which resulted in exceptional provisions.

Its major UK investment, Exploration and Production Services contributed £671,000 compared to the previous year's £556,000.

Advanced Energy Dynamics, in which Flextech has a 18.3 per cent stake, successfully tested its full-scale fine coal cleaning prototype.

Nortech Surveys (Canada), in which the company has a 19.3 per cent interest, reduced its loss from C$1.39m in 1983 to C$208,000 in the 15 months to March 31 1985. Significant progress is being made in expanding overseas and the order book is at record levels.

Tax took £1.45m (£533,000) and there were extraordinary charges of £61,000 against £647,000, leaving attributable profit at £1.77m, up from £372,000. Earnings per 10p share were 10.15p (6.05p).

● comment

Flextech goes to considerable lengths to explain itself in this statement. And indeed, investors are entitled to some kind of explanation with the shares, albeit 1p up at 58p, trading near their all-time low, against a 1983 issue price of 140p. The group's theory is that a spread of investments in energy service ventures, often in the early stages of development, ought to open up good growth opportunities at moderate risk. Unfortunately, this strategy is still some way removed from proving itself — the group is dependent on the performance of its two largest investments, Coflexip and Expro, with little sign of important contributions from elsewhere for at least a year or two. And with the oil services market depressed in many parts of the world, especially the Middle East, both Coflexip and Expro face a difficult year ahead. The group will do well to make £2.5m pre-tax this year, which on a 45 per cent tax charge, puts the shares on a multiple of about 7½. With no end to the oil industry's troubles in sight the shares are a speculative investment only, especially as they generate no income.

Attwoods' U.S. expansion

Attwoods, the waste disposal and gravel group, yesterday announced it has extended its interest in the U.S. garbage industry through the acquisition of County Sanitation of Florida for £9.2m.

Mr David Wickins, the chairman, said the exchange rate would have no impact on the deal as it is being financed through Citicorp (U.S.) and U.S. earnings will not be repatriated for dividends.

Last year the company acquired Industrial Waste Services of Miami which now accounts for about $40m of the total waste disposal turnover for Florida of $450m a year—estimated at one and half times more than the total potential market in the UK. Following the latest acquisition Attwoods' share of turnover will rise to about $50m.

County's pre-tax profit for the year ended December 31 1984 was £1.08m on a turnover of about £6m. Its business concentrates on the collection and disposal of solid non-toxic waste in Palm Beach County.

Mr Ken Foreman, Attwoods' director, said the company would be looking to acquire a number of smaller waste disposal companies in Florida. The state has one of the fastest growing populations in the U.S.

Attwoods' share price rose 3p to 87p yesterday.

BTR disposal of Heinemann

BTR, the industrial holding company, is expected to announce the sale of Heinemann, the publisher, on Monday.

The company said yesterday it would be making an announcement next week. There has been speculation for some months that BTR would be prepared to sell Heinemann, which it acquired in 1983 when it took over Thomas Tilling.

Speculation on the purchaser centred around Octopus, Reed International and Pearson Longman in the UK or an American company.

House Prop. and Weber suspended

Shares in House Property Company of London, where there has recently been a series of boardroom changes, and in Weber Holdings, the Manchester-based property investment company, were both suspended yesterday pending an announcement early next week. It is understood that terms have been agreed for the acquisition of Weber by House Property. Mr David Bulstrode, chairman of Marler Estates, is on the board of both companies.

Tate & Lyle

Tate and Lyle is buying for £5.75m in cash Farm Feed Holdings, whose products include animal pre-mixes and supplements, brewers' adjuncts and specialist feed milling equipment. Tate, whose shares fell 10p yesterday to close at 443p, said it had considered funding the deal by a vendor placing but decided against this in view of the generally soft nature of the market.

Bowring up 70% to £33m

A 70 PER CENT increase from £19.4m to £32.9m in net pre-tax profits is reported by C. T. Bowring for the six months to June 30 1985. Operating revenue showed a 31 per cent rise to £74.4m.

Bowring is a subsidiary of Marsh & McLennan Companies Incorporated, which is considered to be the leading insurance brokerage firm in the world, and which has broadened its activities to include a consulting and financial services group. It provides this professional advice and service to a predominantly corporate clientele, through 500 offices in 50 countries, staffed by 17,000 employees.

The pre-tax figure was after operating expenses up from £37.6m to £42.9m, and these included £25.8m (£22.8m) remuneration and other employee costs, and other operating expenses totalled £17.1m against £14.8m. Interest receivable was £1.5m against £300,000, and other expenses took £100,000. The provision for UK tax was up from £9.2m to £13.9m, leaving net profits of £19m compared with £10.2m.

The directors point out that the company's figures do not constitute full group accounts for the Bowring Group and have been adjusted to comply with generally accepted accounting practices in the U.S.

Markets Trust

A modest increase from £1.19m to £1.29m in pre-tax profits is reported by Murray Smaller Markets Trust for the year to May 31, 1985. The final dividend is raised from 1.6p to 1.8p net for a total up from 2.2p to 2.5p. The company has also announced an interim dividend of 0.8p (0.7p) for the current year and it will be paid on January 6.

Wintrust raising £5m

Merchant bank Wintrust Group is planning to raise £5m net to help strengthen its capital base with a rights issue and placing of convertible preference shares.

The company also announced a 10.8 per cent increase in pre-tax profits to £2.6m for the year to the end of March.

Wintrust is issuing 5.2m 5½ per cent convertible preference shares on the basis of three shares at 100p each for every five ordinary already held. The Szpiro family, who control 57 per cent of the equity, is not taking up its rights to 3m convertible shares. This stock has been placed with institutional investors. The remaining 2.2m are offered to shareholders in an issue underwritten by broker L. Messel.

The preference shares are convertible between 1990 and 2005 at an effective rate of 300p for each ordinary share. The ordinary shares closed unchanged on the stock market at 270p yesterday.

Wintrust is paying a 3.2p final dividend (2.87p) for the year to March, making 4.8p (4.3p).

After tax of £1.1m (£1m) and an extraordinary item of £676,738 made up largely of provisions for deferred tax (£496,358), and the costs of dividends to ordinary and preference shareholders, the retained profit was £421,914 (£423,727). Earnings per share were 16.61p (14.85p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Astra Ind		nil	—	nil	nil	0.13
Burmatex	int	2	Oct 1	2	—	5
J. & J. Dyson		2	Oct 1	2	4	4
Elbief		1.24	Oct 26	1.16	1.72	1.6
Fleming Enterprise		6	Oct 1	5.3	8.5	7.3
Forminster		4	—	3.53	6.03	5.56
Home Brewery	int	4	—	4	—	10.8
Lex Service	int	4.1	—	4.1	—	10.6
Neepsend		0.1	—	0.1	0.1	0.1
Phillips Patents		1.25	—	1.25	1.25	1.25
Plastic Construct	int	0.84	—	0.84	—	2.67
Saga Holidays	int	1.6	Sept 12	1.3	—	4
TR Trustees		2.6	—	2.2	3.8	3.4
Watsham's		2.1	Oct 25	1.92	3	¶2.75

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for script issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Adjusted for share subdivision.

Quest Automation makes second half turnround

FOLLOWING LOSSES of £178,000 incurred in the first half, Quest Automation has made a turnround in the second six months with earnings of £485,000, and has reported a 93 per cent increase in pre-tax profits for the year ended February 28 1985 of £307,000, against £159,000.

Sales for this Hampshire-based electronics and computer services group improved from £8.25m to £11.68m, generating an operating profit of £1.3m (£504,000).

Mr Tony Ebel, the managing director, says he is pleased with the results given the much reported difficulties in the electronics industry. However, there is more to be achieved in the current year as the company receives the benefits from its progressive investment in the service, equipment and software areas.

Technical and development expenditure took an increased £699,000 (£248,000) in respect of the extension of group activities in Winchester Disc Systems and application software.

The pre-tax results was struck after interest charges of £302,000 against £97,000, and a £4,000 credit this time being the share of profits from Grant Micro, the associated company in which Quest recently took a 20 per cent shareholding.

Evered

Evered Holdings, the Guildford-based engineering group, yesterday increased its stake in TI, the troubled engineering group, by just under 1 per cent taking its stake from 11.6 cent to 12.5 per cent.

TI share price rose 6p to close at 336p. Evered's fell 2p to 248p.

BANK RETURN

BANKING DEPARTMENT	Wednesday July 24 1985	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	5,739,810,980	− 524,241,465
Bankers Deposits	776,275,146	− 65,774,380
Reserve and other Accounts	1,440,506,187	+ 40,423,713
	7,971,145,313	− 549,592,132
ASSETS		
Government Securities	695,481,872	+ 28,284,622
Advance & other Accounts	1,237,641,693	+ 83,470,800
Premises Equipment & other Secs.	6,033,634,751	− 661,761,462
Notes	4,100,408	+ 384,384
Coin	286,589	+ 29,524
	7,971,145,313	− 549,592,132

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in circulation	12,355,899,592	+ 9,615,616
Notes in Banking Department	4,100,408	+ 384,384
	12,360,000,000	+ 10,000,000
ASSETS		
Government Dept	11,051,100	—
Other Government Securities	2,092,211,201	− 773,478,054
Other Securities	10,256,763,699	+ 743,478,054
	12,360,000,000	+ 10,000,000

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri July 26 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thurs July 25 Index No.	Wed July 24 Index No.	Tues July 23 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (205)	490.01	+1.4	11.56	4.60	10.90	8.47	483.30	491.23	489.14	461.37	577.15	22/1	483.30	25/7	577.15	22/1/85	50.71	13/12/74
2	Building Materials (22)	526.21	+0.6	12.60	5.04	9.76	9.87	522.85	526.91	527.67	420.63	546.84	21/5	472.11	26/2	546.84	21/5/85	44.27	11/12/74
3	Contracting, Construction (29)	806.38	—	12.43	5.12	10.39	16.69	806.35	806.33	806.65	606.77	815.51	18/7	684.17	8/3	831.09	15/3/83	71.48	2/12/74
4	Electricals (14)	1297.15	—	12.33	5.66	10.28	31.82	1297.77	1316.49	1311.68	1411.79	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (38)	1318.23	+2.0	11.56	3.68	11.45	16.06	1292.49	1326.52	1310.57	1654.80	1977.60	9/1	1260.78	3/7	2049.85	13/11/84	1260.78	3/7/85
6	Mechanical Engineering (62)	266.39	+1.0	12.29	5.28	9.91	5.36	263.85	266.58	265.51	234.93	316.14	13/5	263.85	25/7	316.14	13/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	177.27	−1.1	14.00	8.77	8.97	4.13	179.22	182.69	181.59	170.47	202.50	5/6	165.08	14/1	209.74	13/3/84	49.65	6/1/75
9	Motors (16)	149.76	+0.2	14.40	5.59	8.62	3.28	149.44	149.85	150.64	113.83	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (17)	869.46	+3.1	8.06	3.85	15.02	14.56	842.93	865.08	863.66	597.84	1023.91	6/6	828.60	3/1	1023.91	6/6/85	277.55	15/1/81
21	CONSUMER GROUP (177)	635.62	+1.0	10.08	4.11	12.32	10.41	629.13	634.87	632.24	471.31	683.36	5/6	604.96	3/1	683.36	5/6/85	61.41	13/12/74
22	Brewers and Distillers (24)	610.85	+1.0	11.51	4.67	10.98	8.61	604.77	608.46	608.14	487.89	617.38	4/6	550.86	3/1	617.38	4/6/85	69.47	13/12/74
25	Food Manufacturing (21)	473.27	+0.4	12.49	5.15	10.15	11.86	471.62	472.13	471.98	369.63	513.86	12/3	471.62	25/7	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (14)	1521.64	+2.0	5.92	2.74	22.31	12.87	1491.65	1504.09	1495.62	1095.47	1662.70	5/6	1400.36	1/3	1662.70	5/6/85	54.25	11/12/74
27	Health and Household Products (9)	1003.60	+1.4	6.69	2.95	17.52	11.23	990.16	1006.90	995.14	771.83	1124.51	5/6	980.65	11/4	1124.51	5/6/85	175.38	28/5/80
29	Leisure (22)	597.38	+1.0	9.58	5.52	13.70	13.45	591.46	594.67	592.80	528.92	719.49	22/1	590.69	12/7	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1719.06	—	8.95	4.49	14.38	37.18	1718.51	1720.43	1708.03	1183.04	1825.11	5/6	1445.15	3/1	1825.11	5/6/85	55.08	6/1/75
33	Packaging and Paper (13)	326.48	−0.9	10.84	4.56	10.94	6.10	329.51	332.14	325.07	217.38	344.58	12/6	286.36	3/1	344.58	12/6/85	43.46	6/1/75
34	Stores (42)	638.07	+1.5	7.96	3.38	17.01	9.30	628.49	635.53	634.16	407.09	660.85	5/6	529.47	19/2	660.85	5/6/85	52.63	6/1/75
35	Textiles (17)	300.18	+0.1	15.84	5.35	7.16	7.25	299.90	304.96	305.06	245.95	341.97	11/3	293.07	3/1	341.97	11/3/85	62.66	11/12/74
36	Tobaccos (3)	769.95	+0.3	18.88	5.59	5.97	17.44	767.49	775.67	774.48	593.58	1010.69	8/2	767.49	25/7	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (101)	650.50	+0.9	9.96	4.35	12.73	11.15	644.87	654.47	654.17	415.68	722.57	15/5	605.99	3/1	722.57	15/5/85	58.63	6/1/75
42	Chemicals (19)	662.28	+0.8	15.53	5.71	7.96	15.59	657.14	677.54	674.34	557.75	832.26	22/2	657.14	25/7	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	187.36	+0.6	8.53	4.70	13.99	3.58	186.31	189.44	187.66	124.24	191.12	18/7	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1102.96	+0.3	8.96	4.76	13.85	25.43	1099.68	1112.42	1099.76	809.87	1201.81	23/5	958.08	3/1	1201.81	23/5/85	90.80	29/6/62
46	Miscellaneous (64)	787.88	−0.3	8.07	4.04	15.12	10.79	790.32	797.53	796.94	569.62	899.77	3/6	787.88	26/7	899.77	3/6/85	60.39	6/7/75
48	Telephone Networks (2)	842.20	+1.8	8.88	3.85	15.04	13.20	827.38	836.99	840.20	0.0	932.01	15/5	701.92	3/1	932.01	15/5/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	608.00	+1.1	10.40	4.29	12.05	10.23	601.54	609.03	607.11	464.64	666.95	4/6	599.75	3/1	666.95	4/6/85	59.01	13/12/74
51	Oils (17)	1108.39	+1.3	16.89	7.57	7.28	38.38	1094.26	1094.23	1089.98	942.70	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	649.93	+1.1	11.27	4.73	11.08	12.49	642.84	649.78	647.66	504.63	707.87	5/6	636.98	3/1	707.87	5/6/85	63.49	13/12/74
61	FINANCIAL GROUP (115)	465.42	+1.0	—	5.10	—	10.03	460.94	462.47	461.31	365.71	478.74	15/5	430.10	4/1	478.74	15/5/85	55.88	13/12/74
62	Banks (6)	484.37	+2.2	15.95	6.00	8.95	11.71	473.82	474.62	473.51	350.69	503.51	8/7	420.58	15/4	503.51	8/7/85	62.44	12/12/74
65	Insurance (Life) (9)	712.39	−0.3	—	4.56	—	14.71	714.71	719.45	720.43	500.05	770.78	11/6	580.95	4/1	770.78	11/6/85	44.88	2/1/75
66	Insurance (Composite) (7)	358.66	—	—	5.44	—	8.53	358.48	360.40	360.72	275.28	369.61	19/6	303.16	25/2	369.61	19/6/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1010.59	+0.1	9.29	4.10	14.39	20.10	1009.26	1022.27	1018.14	771.91	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	225.14	−1.3	—	4.90	—	4.92	228.11	229.28	229.59	185.58	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	620.77	+2.4	5.95	3.83	22.56	9.28	605.98	602.23	599.34	554.71	653.36	13/5	585.78	10/7	653.36	13/5/85	56.01	20/4/65
70	Other Financial (25)	261.32	−0.1	9.41	6.21	12.99	7.33	261.65	264.61	261.34	230.31	296.92	6/2	261.32	26/7	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (107)	561.44	—	—	3.92	—	9.28	561.61	566.23	564.84	464.23	635.62	7/3	561.44	26/7	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (3)	249.51	−0.2	13.01	6.14	8.92	5.29	249.91	255.32	255.61	257.86	311.08	15/4	249.51	26/7	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	601.54	−0.3	12.58	6.57	9.56	20.59	603.58	611.36	609.66	508.85	687.15	22/1	601.54	26/7	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (739)	597.12	+1.0	—	4.79	—	11.70	591.23	596.93	595.12	468.94	644.21	5/6	581.88	3/1	644.21	5/6/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	July 25	July 24	July 23	July 22	July 19	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1239.7	+18.0	1239.7	1215.4	1221.7	1236.2	1233.1	1241.1	1252.5	995.6	1342.4	15/5	1206.1	3/1	1342.4	15/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri July 26	Day's change %	Thurs July 25	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.95	+0.32	118.56	—	6.71
2	5-15 years	132.13	+0.40	131.81	0.20	8.31
3	Over 15 years	139.51	+0.45	138.88	—	6.87
4	Irredeemables	151.52	+0.65	150.55	—	7.27
5	All stocks	130.37	+0.38	129.98	0.10	7.60
6	Debentures & Loans	112.18	−0.06	112.25	—	6.08
7	Preference	79.77	+0.02	79.76	—	3.64
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.26	+0.14	110.11	—	1.95

	AVERAGE GROSS REDEMPTION YIELDS		Fri July 26	Thurs July 25	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	10.06	10.12	11.92	11.56	28/1	10.04	17/7
2	Coupons	15 years	10.17	10.22	11.54	11.20	28/1	10.12	17/7
3		25 years	10.17	10.23	10.87	10.72	29/1	10.03	2/1
4	Medium	5 years	10.91	11.01	12.97	12.39	28/1	10.91	26/7
5	Coupons	15 years	10.52	10.56	12.08	11.63	28/1	10.47	17/7
6		25 years	10.06	10.10	11.23	10.97	29/1	10.05	17/7
7	High	5 years	11.01	11.10	13.02	12.53	28/1	11.00	17/7
8	Coupons	15 years	10.65	10.69	12.19	11.76	28/1	10.61	17/7
9		25 years	10.15	10.19	11.27	11.03	29/1	10.15	26/7
10	Irredeemables†		9.98	10.03	10.74	10.49	28/1	9.89	12/7
11	Debs &	5 years	11.50	11.48	12.84	12.63	29/1	11.44	23/7
12	Loans	15 years	11.39	11.38	12.96	12.37	29/1	11.34	23/7
13		25 years	11.27	11.27	12.99	12.37	29/1	11.22	18/7
14	Preference†		12.39	12.39	13.38	13.14	29/1	12.29	22/7
15	Inflation rate	5%	3.65	3.65	3.99	3.72	16/7	3.11	11/3
16		10%	3.45	3.46	3.79	3.51	16/7	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NAME CHANGE: East Midland Allied Press 'A' has become EMAP.

Sir James dodges the poison pill

BY CHRIS CAMERON-JONES IN NEW YORK

THE POISON PILL bid defensive mechanism this week lost some of its much-acclaimed image as the ultimate deterrent and protector of shareholder rights. Despite being confronted by a hostile management, legal actions and the poison pill factor Sir James Goldsmith swept to control of Crown Zellerbach in one seemingly effortless final assault.

The board of the U.S. West Coast forest product company, after a year of trying to strengthen the battlements, came out of the last peace talks having agreed to almost unconditional surrender. Loyal shareholders could only look on in *dismay. Sir James had achieved* his aim through buying shares in the market at less than he had been willing to pay under the terms of his original tender bid launched in April.

So where was the poison pill *in all this? On April 20 this* year, by offering to acquire more than 30 per cent of the group, Sir James triggered the defence mechanism. But this only meant that the rights issued to Crown shareholders *in the form of a special dividend* in August 1984 became exercisable if he or someone else acquired 100 per cent control and then attempted to merge the company with another.

The rights entitle holders to acquire a common share for each one held, for the sum of $100—more than three times the $30 closing price when the rights were issued. The rights, issued to the holders on the register in August last year, can be retained or traded separately from the common shares against which they were issued. This means that even if shareholders sell their shares when a predator gains 100 per cent and attempts to merge he would then have to buy out the rights—a potentially prohibitively expensive exercise, *hence the deterrent factor.*

Sir James, however, never went for full control of Crown. He began by acquiring small amounts of stock. This buying and other hostile bid battles and greenmail attempts at other U.S. *companies during 1984 was* what prompted the Crown board to look at its own company's defences. An anti-takeover measure was devised of the type nicknamed a poison pill because when a predator tries *to swallow a company it can* damage his financial health.

Despite this, Sir James, who had unsuccessfully pursued St Regis, another forest products company, and Continental Group, a packaging concern, continued to focus his attentions on Crown. In March this year he revealed that through his Hong Kong-based company General Oriental Investments and two affiliates, he held 8.6 per cent of the stock and had been cleared by the anti-trust authorities to increase the stake to 25 per cent.

Crown said it did not regard the planned share purchase as beneficial or in the best interest of Crown, its employees and customers or the communities in which it does business. Crown, however, looked just the type of target that Sir James *liked. It had been hit by the* recession and its performance was lacklustre. Profits last year were only $86.9m after a $30.1m restructuring charge, and sales of $3.1bn. This compared with a peak profit of $133.5m on *sales of $2.8bn in 1979.*

On April 2 last, Sir James put forward takeover proposals to Crown which were immediately rebuffed. Eight days later he went ahead undeterred and launched an offer to buy *between 51.9 and 70.4 per cent* of Crown at $42.50 cash per share, valuing the group at $1.15bn. Such a partial offer could not have been made under UK takeover rules, where once a 30 per cent holding is reached a full offer must be made.

But this was the U.S. and if the offer was successful Sir James would still be safe from the dreaded poison pill even though his offer triggered the device making the rights exercisable. The hostility between the parties intensified and spread into the courts. Crown rushed to find a white knight *and looked to have a deal with* Mead Corporation — but it fell through.

The board at Crown then devised a restructuring plan which would effectively split the group into three parts. Under *it the timber properties,* believed to be the main attraction to Sir James, would be transferred to a liquidating partnership. This move was effective in making Sir James drop his bid but he did not go *away. Instead he raised his* stake to just under 20 per cent, making him the company's largest shareholder, and engaged in a proxy battle to win seats on the board.

Despite claims of victory *from both camps, only Sir* James himself gained a directorship. But now he had more than his foot in the door. For a while he continued buying more *shares. Then, near the end of* May, both sides agreed to a truce and began discussing the restructuring plan on more amicable terms.

But the treatment of the timber properties remained a sticking point and warfare was resumed in early July. Sir James declared he would use his best efforts to stop the plan and would seek control. And that is what he did, with a week of rapid share buying in the market.

With over 50 per cent he forced the board back into talks and emerged as chairman *with majority six to five board* representation for his interest.

The poison pill had, it seemed, been bypassed. But the situation would have been different without it. Its presence has enabled the board to wring some concessions out of Sir James that it might not otherwise have done. For example certain transactions have to be subject to 75 per cent board approval and Mr William Creson stays as president and chief executive. But minority shareholders must now be asking what the board has done to protect their interests.

The winner and the loser—Sir James Goldsmith and Mr William Creson.

BHP turns in record profit and pays higher dividend

BY LACHLAN DRUMMOND IN SYDNEY

BRP, Australia's biggest *company, celebrates its centenary* with record profits and a 6 cents increase in the dividend.

Net profits for the year ended May, 1985, have risen to A$752.6m ($535m) from A$622.2m in the previous year. The dividend is going up to 27.5 cents a share on increased capital.

The inclusion of a full year of the Utah coal, iron and copper interests was the biggest *single driving force behind profits,* although the petroleum and steel divisions played their part.

Before apportioning A$87m of central corporate costs and deducting minority interests, segment results show Utah to *have contributed* A$140.5m in its first full year compared with the A$9.9m for two months in 1983-84. Utah gained significant benefit from improved local currency prices for its dollar denominated export coal sales and *from increased shipments.*

On the same basis, the petroleum division contribution was ahead by A$62.4m to A$484.7m, mainly because of higher crude oil sales made possible by re*cord production levels and con*tinued government approval of export sales of crude.

The steel division, where job numbers are down 15,000 from the levels of two years ago to some 20,000, produced earnings of A$128.8m against A$96.6m with the division benefiting from cost reductions, improved productivity and increased margins on export sales. Steel productivity has improved from the 1982 low of 185 tonnes per man year to 260 tonnes.

*The minerals division, in con*trast, suffered a setback, falling to A$63m as a result of lower investment allowances against tax.

The overall group profit was achieved on sales ahead by 32 per cent at A$7.1bn, and was struck after tax of A$670.6m (A$559m) and minority interests of A$21.6m (A$16.5m).

Interest charges, reflecting the Utah acquisition and the $500m of purchase of Energy Resources Group in January, totalled A$280m, against A$115m. Depreciation was A$480.6m, compared with A$364m.

BHP has taken a A$97.5m extraordinary charge to write off its investment in the Ok Tedi *gold and copper development in* Papau New Guinea, where it has a 30 per cent stake. BHP said the investment value could not be supported by prospects for the next few years, although it said cash-flows were expected to be adequate to service the ventures borrowings.

The foreign partners in Ok Tedi will sign a full agreement on the mine's future by the end of the month, Mr Roy Shipes, general manager for the operating company, said yesterday.

The first stage gold mine was shut down in February in a dispute over copper production at the site but the Papua New Guinea Government in March allowed the U.S., West German and Australian partners to continue operating for four months pending a new agreement.

The project has been hampered by land instability, cost overruns and a drop in gold *and copper prices since 1981,* when the first stage gold mining began.

The agreement will allow the mine to raise production to a projected 60,000 ounces of gold a month.

Public Bank earnings drop 29%

By Wong Sulong in Kuala Lumpur

GROUP PRE-TAX profit of Public Bank, Malaysia's fourth largest bank, fell by 29 per cent *to 50m ringgit (U.S.$20.2m)* for the year ended December, the first profit fall in the bank's history. After tax profit was 3[illegible] per cent down at 25.5m ringgit.

According to Tan Sri Teh Hong Piow, the bank's chairman, the main reason for the fall was the bank's conservative lending policies, giving it a 65 per cent loan to deposit ratio, compared with 95 per cent for the banking industry as a whole.

Deposits rose 33 per cent to 4.64bn ringgit, while total loans increased by 27 per cent to 2.84bn ringgit. The group's total assets went up by 31 per cent to 5.23bn ringgit.

First half flat for MUI group

By our Kuala Lumpur Correspondent

EARNINGS OF Malayan United Industries (MUI), the diversified Malaysian group, were flat for the first six months of the year despite a sharp increase in turnover, as the group's operations felt the brunt of competition and excess market capacity.

Pre-tax profit to June was 42.4m Ringgit (US$17.2m) compared with 42.9m ringgit previously, although revenue rose 32 per cent to 193m ringgit. After tax profit was 22.5m ringgit, about the same as previously.

MUI is lifting its interim dividend to 8 per cent on the paid up capital of 341m ringgit compared with 6 per cent in the past.

The group's hotel division fared badly, as reflected by the results of its publicly listed Ming Court Hotel in Singapore, where pre-tax earnings fell by 92 per cent to only S$181,000 (US$82,000).

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	—	..	6	29 A	—	—	$317.50
GOLD C	$320	46	6.80	2	17	—	..	"
GOLD C	$340	—	—	15	8.50	17	15	"
GOLD C	$360	—	—	3	4	—	—	"
GOLD P	$320	—	—	95	10.50	68	15.50 B	"
		Sept.		Dec.		March		
SILVER C	$600	5	35	—	—	—	—	$608
SILVER P	$600	—	—	—	—	2	45	
S/FL C	Fl.320	4	9.20	2	12.80	10	15.10	Fl.323.75
S/FL C	Fl.325	10	6.50	—	—	—	—	"
S/FL C	Fl.330	1	4.70	10	8.20	—	—	"
S/FL C	Fl.335	7	3	—	—	—	—	"
S/FL C	Fl.340	10	2	2	5.30	—	—	"
S/FL C	Fl.350	—	—	—	—	4	5	"
S/FL P	Fl.315	17	4.20	7.10	10	1	13.50	"
S/FL P	Fl.320	17	6.80	9.12	12	—	..	"
S/FL P	Fl.325	—	—	2.15	15			"
S/FL P	Fl.330	—	—	—	—	12	21.50 B	"
S/FL P	Fl.335	8	15.50	—	—	—	—	"
S/FL P	Fl.345	1	22.50	5	27.50	5	32	"
S/FL P	Fl.360	12	28.30	5	31.50	1	35	"
S/FL P	Fl.370	—	—	7	48.50	—	—	"
		Oct.		Jan.		Apr.		
ABN C	Fl.520	185	7.50	43	14	12	19.50	Fl.504
ABN P	Fl.460	35	2	365	4.20B	..		"
AEGN C	Fl.95	147	8.50	34	11.30			Fl.101.30
AEGN P	Fl.100	102	3.60	...	—	15	5.40	"
AH C	Fl.240	176	10.30B	21	15.70	3	18	Fl.242
AH P	Fl.240	15	5.80A	—	..			"
AKZO C	Fl.110	858	15	261	16.80	54	19.30	Fl.122.50
AKZO C	Fl.120	590	7.90	251	10.50B	116	13.50	"
AKZO C	Fl.130	466	3.30	235	5.70	26	8	"
AKZO P	Fl.120	308	3.30	161	5.20	81	6.60	"
AMRO C	Fl.80	145	8.40	7	10.50A	—	—	Fl.88
AMRO P	Fl.90	112	5	5	5.80 B	—	—	"
GIST C	Fl.210	37	11	—	—	—	—	Fl.211.50
GIST P	Fl.200	35	3	—		—	—	"
HEIN C	Fl.160	169	3.40 B	20	6.40 A	1	8.50	Fl.153.10
HEIN P	Fl.160	57	2.40	—		—		"
HOOG C	Fl.170	409	2	88	3.20	20	4.40	Fl.65.80
HOOG P	Fl.65	187	2.50	32	3	..	—	"
KLM C	Fl.60	246	3.20 B	350	4.80	70	6	Fl.60.90
KLM P	Fl.60	201	5.70	231	3.40	...	..	"
NEDL C	Fl.190	50	2.20	10	5.70		..	Fl.173
NEDL P	Fl.150	33	1		..	..	—	"
NATN C	Fl.80	302	1.90	50	3.60	1	4.70	Fl.77.30
NATN P	Fl.75	88	2.50 A	5	3.50	—	..	"
PEO C	Fr.5,909	11	180	—	..	—	—	Fr.5,800
PETR C	Fr.5,500	8	340 B	10	450	—		"
PETR P	Fr.6,500	—	—	..	..	20	320	"
PHIL C	Fl.50	411	180 B	311	3	82	4.20	Fl.4.790
PHIL P	Fl.45	527	1.30	336	2	27	2.20	"
PHIL P	Fl.50	553	3.60	135	4.20	124	4.50	"
RD C	Fl.200	400	6.10	50	8.70	49	11.40	Fl.196.60
RD C	Fl.210	407	2.60	37	5	..		"
RD P	Fl.190	588	3	59	4.80		..	"
ROBE C	Fl77.50	2	1.50	—				Fl.76.50
ROBE P	Fl.75	172	0.60	3	1.50	10	2.40	"
UNIL C	Fl.360	113	8	32	12.50	4	22	Fl.351
UNIL P	Fl.360	51	13	—	—	100	17	"

TOTAL VOLUME IN CONTRACTS- 20,072

A=Ask B=Bid C=Call P=Put

Kredietbank in Luxembourg well ahead

By Our Financial Staff

KREDIETBANK Luxembourgeoise increased net profits for the year ended March 1985 by 25 per cent to LFr 589.9m. The bank, which is part of Belgian Kredietbank group, is increasing its dividend, net of withholding tax, to LFr 400 per share from LFr 361.25.

An expansion in the bank's main activities accounted for the profit rise. Revenue from interest and commissions rose to LFr 20.55bn from LFr 16.34bn a year earlier. Other revenue, including income from trading business such as securities, rose to LFr 2.12 from LFr 1.78bn.

A large part of the bank's activity is in bond trading.

Sappi suffers sharp reverse

BY JIM JONES IN JOHANNESBURG

SAPPI, the big South African pulp and paper group, reports a dramatic decline in first half pre-tax profits and is not paying an interim dividend.

Turnover moved up from R321m to R373m ($180m) for the six months, and operating profits were also ahead at R56.3m, against R37.6m. But lower down the profit and loss account the strains of the recent expansion programme have *shown through.*

Interest charges have shot up, and this time Sappi has not been able to capitalise as much debt cost as it did in 1984. As a result, pre-tax profits emerge at R5m, down sharply from R29.8m *a year earlier.*

At the net level, Sappi is in the red, running up a loss attributable to shareholders of 63.5 cents a share. Last year first-half earnings totalled 64.5 cents from which a 25 cents interim dividend was paid. The 1984 total payment was 86 cents a share.

In 1984 group turnover was R659m and operating profit was R98.1m. Pre-tax earnings after capitalisation of interest were R190.3m.

Mr Eugene van As, the chief executive, says that Sappi is obliged to bear the full cost of the debt employed to finance the R1.55bn expansion of the Ngodwana pulp mill in the Eastern Transvaal — at a time when Ngodwana was not contributing to profits.

However, the newsprint machine at Ngodwana has subsequently proved its ability to operate at its 400 tons per day design capacity, the kraft linerboard machine is operating above budgeted output levels, and initial problems with the pulp mill "are being resolved."

On overall trading prospects van As is less optimistic. He says that American, Canadian and Swedish pulp mills are selling below cost and that it is difficult to predict when international prices will improve. The domestic outlook is uncertain.

He believes that Sappi's performance will be better in the current half than in the first six months.

Operating net doubled at Aetna Life

By Paul Taylor in New York

AETNA LIFE and Casualty, the largest investor-owned U.S. insurance group, yesterday reported that operating net profits more than doubled to $100m or 90 cents a share in the second quarter from $49m or 44 cents a share.

In the latest quarter a $83.4m loss on the sale of Aetna's stake in satellite business systems was partly offset by a $44m gain from securities transactions and a $4m extraordinary gain which together resulted in net earnings of $64.5m or 55 cents a share. In the 1984 quarter Aetna posted a net loss of $55m or 62 cents a share after taking a $139.1m loss on the sale of a subsidiary. This was partly offset by a $35m gain from securities transactions.

Revenues in the latest quarter grew by 24 per cent to $4.8bn.

For the first half Aetna posted operating earnings of $157m or $1.41 a share compared to $68m or 57 cents a share in the year ago period. Net earnings swung back into the black growing to $120m

Hoechst sells loss-making U.S. polystyrene plants

BY JOHN DAVIES IN FRANKFURT

HOECHST, the West German chemical and pharmaceutical group, is selling its polystyrene and styrene monomer plants in the U.S. to Huntsman Chemical Corporation in order to dispose of a loss-making problem area *in its business.*

The *plants accounted for* about $300m of American Hoechst's total sales revenue of $1.7bn last year. Overall, Hoechst's U.S. subsidiary made an increased profit of $53m last year, despite losses in its *plastics business.*

Huntsman is buying, for an undisclosed price, Hoechst's two polystyrene plants at Chesapeake, Virginia and Peru, Illinois, with a total capacity of 270,000 tonnes a year.

It is also buying Hoechst's plant at Bayport, Texas, to make 400,000 tonnes a year of styrene monomer, a raw material used to make polystyrene. But Hoechst will continue to operate this plant for Huntsman for a management fee.

Huntsman already operates four plants in North America *to produce polystyrene,* whose uses include packaging and insulation. It has been drawing styrene monomer supplies from Hoechst.

The deal, to take effect on September 30, means that Huntsman will acquire new plants to add to its polystyrene production programme and an assured supply of raw materials.

Other Hoechst installations, including a low-density poly*ethylene plant* at Bayport, Texas, are not affected by the Huntsman deal.

Australian move by Soc. Generale

By Our Financial Staff

SOCIETE GENERALE, one of France's biggest banks, has completed an asset swap in order to acquire full control of an Australian merchant banking joint venture.

The swap gives the state-owned French bank 100 per cent of Societe Generale Australia. In return for its 50 per cent stake, Trade Credit, the other partner, received the 30 per cent of its own capital held by Societe Generale plus the French bank's 8 per cent interest in Euro Pacific Finance Corporation, a merchant bank controlled by European Banks International Company (EBIC). Societe Generale is one of seven European banks which control EBIC.

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*616)	460	72	...	..	6	—	..
	500	38	65	63	18	25	30
	550	14	28	35	47	53	55
	600	5	16	—	90	95	—
Cons. Gold (*450)	420	55	67	77	9	12	15
	460	30	42	52	25	35	42
	500	12	27	35	57	60	64
	550	6	17	—	107	110	-
Courtaulds (*122)	120	12	17	19	5	7	9
	130	7	11	13	12	14	16
	140	4	5	--	20	25	--
	160	2	3	--	39	39	
Com. Union (*207)	180	33	—	—	4	—	—
	200	17	25	32	8	12	15
	220	10	16	21	18	22	26
	240	6	10	--	38	40	—
G.E.C. (*170)	160	18	28	32	5	8	9
	180	9	14	18	16	18	22
	200	2	6	—	32	34	—
	220	1			62	--	
Grand Met. (*300)	280	25	33	37	6	9	12
	300	14	18	25	13	18	22
	330	4	8		35	37	
I.C.I. (*666)	650	35	50	57	25	35	40
	700	12	27	35	55	65	77
	750	6	15	—	100	100	--
	800	2	6	—	150	150	—
Land Sec. (*284)	260	32	38	40	4	6	8
	280	17	23	28	9	11	13
	300	6	11	—	22	23	-
Marks & Sp. (*141)	120	28	—	—	1½	—	—
	130	19	21	23	4	4	6½
	140	11	14	17	9	10	14
	160	3	6½	8	21	21	25
Shell Trans. (*676)	650	47	57	67	15	20	25
	700	52	35	42	38	43	60
	750	12	16	—	82	87	--
	800	2½	--	—	132	...	--
Traf'gar Hse (*361)	323	46	--	—	4	—	--
	330	--	46	—	--	7	—
	353	25	--	—	14	--	--
	360	--	25	31	—	18	21
	383	8			29		
	390	-	12	16	—	38	39

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
BAT Inds. (*295)	260	38	---	..	2	--	--
	280	22	—	--	5	--	--
	300	9	18	25	14	20	25
	330	2	8	15	38	40	45
	360	1	4		68	68	—
Barclays (*382)	335	52	65	—	3	5	—
	360	--	-	57	--	-	17
	385	17	30	—	23	25	-
	390	—	—	37	--	...	35
	420	—	—	18	—	—	55
Brit. Aero (*313)	300	25	37	45	10	14	17
	330	6	20	30	25	28	30
	360	2	10	15	53	55	55
Bt. Telecom (*184)	130	55	—	—	0½	—	—
	140	45	—	—	0½	—	--
	150	35	--	--	1	—	--
	160	25	32	38	1	2	5
	170	18	24	—	1½	4	--
	180	9	15	22	5	9	13
	200	2	9	12	17	18	22
	220	0½	3½	5	37	38	40
Imperial Gr. (*168)	160	15	21	28	3½	7	10
	180	5	10	15	15	18	22
	200	1½	3½	9	34	35	36
LASMO (*243)	240	22	35	45	10	12	16
	260	10	25	30	22	25	30
	280	5	15	20	40	43	45
	293	3	7		55	53	--

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*163)	140	25	—	—	1½	—	.
	160	5½	12	17	5	7½	9
	180	1	5	9	20	22	25
P. & O. (*360)	330	57	47	57	5	6	10
	360	13	27	37	9	17	22
	390	2	9	18	30	35	35
Racal (*132)	120	18	24	30	2	3	5
	130	12	16	22	4	10	15
	140	7	12	16	13	16	18
	160	2	5	8	30	30	30
R.T.Z. (*537)	500	47	60	75	7	9	15
	550	12	37	50	20	27	55
	650	5	18	28	65	67	70
Vaal Reefs (*$80)	80	4½	9	11½	5	9	10
	90	2¼	5	7½	13	15½	16½
	100	1	2½	3¾	23	23½	24
Ex 10% 1989 (*£97)	90	7[illegible]	—	—	0[illegible]	—	—
	92	5[illegible]	5[illegible]	—	0[illegible]	0[illegible]	—
	94	3[illegible]	3[illegible]	4[illegible]	0[illegible]	0[illegible]	1½
	96	1[illegible]	2[illegible]	2[illegible]	0[illegible]	0[illegible]	0[illegible]
	98	0¼	0[illegible]	1[illegible]	1[illegible]	1[illegible]	0[illegible]
Tr. 11¾% 03-07 (*£111)	106	5[illegible]	5[illegible]	6[illegible]	0[illegible]	0½	0[illegible]
	108	3[illegible]	4[illegible]	4[illegible]	0[illegible]	0[illegible]	1[illegible]
	110	1[illegible]	2[illegible]	5[illegible]	0[illegible]	1[illegible]	1[illegible]
	112	0[illegible]	1½	2[illegible]	1[illegible]	2[illegible]	2[illegible]

Option		Calls Sept.	Calls Dec.	Calls Mar.	Puts Sept.	Puts Dec.	Puts Mar.
BTR (*315)	300	30	40	47	6	15	20
	325	13	23	—	20	27	..
	330	—	—	25	--	--	37
	350	4	14	—	40	45	—
Beecham (*321)	300	33	38	45	5	8	15
	330	13	23	25	18	22	25
	360	4	4	—	40	40	-
Bass (*539)	500	50	64	74	7	13	17
	550	15	24	35	30	35	37
	600	4	13		75	75	--
De Beers (*$4.80)	460	60	85	..	17	24	—
	500	38	57	75	40	50	63
	550	17	30	40	75	80	90
GKN (*202)	200	13	16	25	9	12	15
	220	4	9	16	20	22	26
	240	2½	5	9	40	41	42
Glaxo (*1230)	1200	60	90	110	28	45	55
	1300	15	40	45	95	100	110
Hanson (*187)	180	..	24	28	—	9	14
	182	16	—		6		-
	195	8	16		14	17	
	200	-		16	..		23
Jaguar (*260)	240	28	40	43	5	8	11
	260	16	27	31	10	15	20
	280	10	17	20	25	26	30
	300	3	8		43	44	
Tesco (*251)	236	22	30		6	10	
	240	-		32			14
	256	8	20	—	17	23	-
£ $ (*140.32cts)	120	20.70	20.60	20.80	0.20	1.00	2.20
	125	15.60	15.90	16.80	0.40	1.80	3.40
	130	10.60	11.90	13.20	0.80	3.10	5.10
	135	6.60	8.70	10.20	1.90	5.00	7.20
	140	3.70	6.10	7.90	4.00	7.30	9.70
	145	1.70	4.20	5.90	7.20	10.45	12.80
$/DM (*34.75 cts)	32	3.00	3.45	3.85	0.15	0.55	0.55
	33	2.15	2.70	3.15	0.25	0.65	0.85
	34	1.35	2.05	2.60	0.40	0.90	1.15
	35	0.75	1.50	2.10	0.80	1.30	1.65
	36	0.40	1.10	1.60	1.45	1.85	2.15

Option		Calls Jly	Calls Aug	Calls Sep	Calls Dec	Puts Jly	Puts Aug	Puts Sep	Puts Dec
FT-SE Index (*1234)	1200	—	42	54	65	--	11	18	32
	1225	15	25	-		6	18		
	1250	3	14	28	42	25	35	49	57
	1275	1	8	-		45	55		
	1300	--	—	10	23	--		75	85
	1350	--	—	4	10	—	--	125	125

July 26 Total Contracts 10,071. Calls 5,312. Puts 4,759

* Underlying security price

Over-the-Counter Market

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prices and details of services now available on Prestel, page 48146

LADBROKE INDEX
919-923 (+9)
Based on FT Index
Tel: 01-427 4411

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Unable to generate enthusiasm

SMALL LOSS prevailed on Wall Street yesterday, apparently unable to generate much enthusiasm as a lacklustre week neared an end.

By 1 pm, however, the Dow Jones Industrial Average was up 1.68 at 1355.29, reducing its loss on the week to 4.25, while the NYSE All Common Index, at $111.22, shed 2 cents on the day and $2.04 on the week. Volume 79.32m shares.

John Smith, of Fahnestock and Company, said doubt about the outcome of developments in Washington, including the Federal Budget deficit and tax overhaul plans, had left some investors undecided about what to do.

Although there are signs "the Stock Market doesn't want to go down very much," Smith said, "there are not too many incentives on the up side," he added.

Phillips Petroleum led the actives, unchanged at $13.

Cluett, Peabody moved up ... to $38—a California partnership offered $40 per share in cash and debt securities for stock it doesn't already own.

IBM improved $¾ to $131.

Warner Lambert firmed $¼ to $39¾—Thursday it fell $4¼ on news that a study in Finland has so far failed to prove that its drug lopid prevents heart attacks.

A. H. Robins further declined $2¼ to $10⅞—Thursday the company said bankruptcy was an option it would consider as a result of damage claims from thousands of users of its Dalkon shield birth control device.

NBI fell $2⅜ to $16⅝ on fourth-quarter earnings down to 26 (42) cents per share.

K. N. Energy moved up $1⅞ to $38⅝ on plans to spin off its Plains Petroleum unit.

Taft Broadcasting also moved up $1¾ to $82¼ in thin trading—it has been viewed by some investors as a possible takeover target. A group recently announced that it had acquired an 8 per cent stake in the company. Taft also increased its quarterly dividend to 29 (28) cents earlier this week.

NBI fell $2¼ to $17 on lower earnings.

THE AMERICAN SE Market Value index shed 0.01 to 234.99. Volume 5.5m shares.

Dome Petroleum led the actives, off $1/16 to $2¾. Hasbro regained $¾ to $34¾.

Closing prices for North America were not available for this edition

CANADA

Stocks were higher in moderate trading at midsession.

The Toronto Composite Index added 5.16 at 2791.54, with gains leading losses 261 to 229.

The Oil and Gas index put on 15.5 to 3199.6 but the Gold index was off 23.0 to 4257.8.

The recent boom in Gold issues, fuelled by what analysts described as a steady inflow of investment redirected from South Africa, stalled at midsession.

Computer Innovations again topped actives, up another 30 cents to $3.45 — analysts said that Bell's acquisition of control raised hopes of increased profit growth.

Falconbridge rose $¼ to $20¾ after reporting strong growth in second-quarter operating profit.

AUSTRALIA

Share prices fell in a round of profit-taking during active trading.

Traders said the profit-taking centred on Gold Mining stocks, which soared higher a day earlier on expectations of a flood of international investors shifting from South Africa.

The Gold index, which shot up 85 points on Thursday, came back 21.9 to 1,008.

Markets were weaker overall, traders said, because of an overdue correction from sharp gains made throughout the week.

The All Ordinaries lost 6.7 to 934.6 after peaking at 941.9, the All Industrial marker shed 4.3 to 1,362.3. All Resources index 8.1 to 603.5, Metals and Minerals 9.8 to 549.6 and Oil and Gas 2.8 to 629.8.

National turnover 95.3m shares, valued at A$192m, with rises outnumbering falls 237 to 222.

Among Gold shares, Kidston slipped 14 cents to A$5.06, GMK 20 cents to A$10.30, Metana 10 cents to A$2.85, Central Norseman 10 cents to A$9.30 and Emperor 12 cents to A$4.10.

Broken Hill Proprietary shed 4 cents to A$6.62, despite its record profit of A$752.0m for the year ended May 31. It also reported that it has taken a A$97.5m loss on the controversial OK Tedi Gold and Copper Mine in Papua, New Guinea.

Castlemaine Tooheys held unchanged at A$7.60—it is the subject of a A$7.50 a share takeover offer from Bond Corporation Holdings, up another 5 cents to A$1.50.

Myer Emporium rose 2 cents to A$3.14—it is a takeover target of G. J. Coles, down 15 cents to A$3.90.

TOKYO

Share prices ended mixed after a soft start. Trading was moderately active, but a waiting attitude prevailed in the market after Thursday's sharp fall and as the end of July trading approaches.

The Nikkei Dow Market Average ended 1.06 up at 12,648.09, after falling 130.00 on Thursday. Turnover 500m (620m) shares.

Drugs, Constructions and Housings rose in the afternoon and some internationally popular Electronics turned upward, but Precision Instruments, which led Thursday's fall, continued to slide.

The broader based S.E. index rose 3.62 to 1,048.43. Volume 11m (same) shares.

By afternoon buyers saw a movement toward Drugs and hastened to join it, driving the sector higher across the board, with Yamanouchi Pharmaceutical up Y160 to 2,970.

HONG KONG

Lower after a brief rally around midday, with fairly heavy late profit-taking and position squaring ahead of the long weekend.

The Hang Seng index ended 8.48 off at 1,683.58 after touching 1,700.77. Turnover $HK 339.1m ($HK415.34m).

Bank of East Asia up 50 cents at $HK23.50, an increase of 12 per cent in half-year results gave the banking sector and other stocks an initial boost.

The market will be closed next Monday for a local holiday, and reopens July 30.

JOHANNESBURG

Gold shares closed mostly firmer, but started drifting off their day's highs in the afternoon on a lack of follow through support.

The decline triggered by the imposition of a State of Emergency appears to have abated for now.

Randfontein were up R10 at 184 and Harties 65 cents at R8.60, boosted by a further weakening in the rand.

Mining Financials and other minings also slipped from earlier highs.

Industrials continued weaker.

SINGAPORE

After early softness, renewed buying and short-covering helped share prices to close higher over a broad front in active trading.

The Straits Times Industrial index rose 6.68 to 778.44 and the SE All Share index 1.40 to 274.97. Turnover 19.4m (13.5m) units.

Pahang Investment, up 1½ cents at 64½ cents, continue to be in the limelight, trading 1.2m shares. Sigma rose 9 cents to S$3.08 on 651,000 shares, and Haw Par improved 17 cents to S$2.33 on 577,000 units traded.

Hotels, Properties and Commodities also rose in line with the general trend.

GERMANY

Share prices closed with some gains after thin trading devoid of fresh factors, and dominated by operators squaring some positions ahead of the month's end.

Prices had been very volatile in the relatively thin summer holiday session and no single factor dominated the trend. Further uncertainty over the dollar's trend and some expectation that a partial recovery after the sharp recent consolidation may be overdue, helped values.

The Commerzbank index of 60 leading shares, set at mid-session, shed 4.9 to 1,379.2.

CANADA

Stock	July 25	July 24
AMCA Intl	16¾	16½
Abitibi	17¾	18
Agnico Eagl.	18⅛	18
Alberta Energy	17¾	18¼
Alcan Aluminium	36½	36
Algoma Steel	22¼	22½
Argcen Inc	21	21
Bank Montreal	30½	30¾
Bank NovaScotia	13⅝	13¾
BCE	42⅞	42¼
Bombadier A	14⅝	14⅝
Bow Valley	15⅞	15⅝
BP Canada Res.	33	32⅞
Brascan A	28¾	28¾
Brinco	1.61	1.63
B. C. Forest	9⅞	9¼
CIL Inc	34⅛	34
CadillacFairview	13	13¼
Cambell Red Lk.	31½	31¼
Can.-Cement Pt.	11⅛	11¼
Can. NW Energy	22¾	22½
Can. Packers	54	53½
Can. Trustco	36	35⅞
Can. Imp. Bank	36	36⅜
Can. Pacific	19⅝	19¼
Can Pac. Ents.	29¼	29
Can. Tire C	10⅛	10⅛
Canfor	9	9¼
Carling O'Kfe	14⅞	14⅝
Chieftain	11⅝	11¾
Cominco	13	12½
Coniagas Mines	7¾	7¾
Cons. Bathst. A	17⅞	17⅝
Copper Lake	0.79	0.79
Coremark Int	4.85	4.70
Costain	10	10
Denison Mines A	14⅛	14⅛
Dofasco Inc.	28	28
Dome Mines	11¼	11
Dome Petroleum	2.93	2.75
Domtar	20	20¼
Falconbridge	20⅝	20½
Fed Inds A	25⅜	25⅝
Gendis A	30	29⅞
Genstar	34¾	34⅝
Giant Y'knife	16½	15¾
Gt. West Life	3.76	3.76
Gulf Canada	17⅛	17⅛
Hawker Sid.Can.	21⅛	21¼
Hudson's Bay	22¾	23
Husky Oil	9⅝	9½
Imasco	27⅜	27¾
Imperial Oil A	49⅝	49¾
Inco	20	19⅞
Indal	16⅝	17
Interprov. Pipe	42½	42⅜
Labatt (John)	27¼	27
Lac Minerals	34¾	33½
Loblaw	20½	20¾
Macmil Bloedel	21⅛	21¼
Marks & Spencer	11⅞	11⅝
Massey Ferguson	2.81	2.84
McIntyre Mines	42⅝	42¾
Mitel Corpn	9⅞	10
Molson A	16	15⅝
Moore Corp	27⅝	27⅞
Nat. Bank Can.	21⅛	21¾
Nat. Sea Prods A	8⅛	8¼
Noranda Inc.	17⅝	17
Norcen Energy	13⅝	13¾
Nth. Telecom	52¾	52½
Nova Alberta	6⅞	6¾
Numac Oil & Gas	13	12⅞
Oakwood Pet	7¾	7¾
Pan Can Pet	33	33⅜
Placer Dev.	25½	25¼
Power Corp	19¼	19⅛
Quebec Sturgeon	4.10	4.10
Ranger Oil	4.60	4.55
Reed. St'house A	20½	20¾
Rio Algom	23⅝	22⅞
Royal Bank Can.	30⅞	31
Royal Trust A	20¾	21
Sceptre Res	5⅛	5.0
Seagram	58⅛	58¼
Sears Can. Inc	9	9½
Shell Can. A	25	25¼
Stelco A	23⅛	23
Teck B	14⅛	14
Texaco Canada	31¾	31½
ThomsonNews.A	21¾	21⅛
Toronto Dom. Bk	23	23⅛
Transalta A	25¾	25½
Trans. Can. Pipe.	26½	26½
Walker Hiram	32¾	32⅞
W. coast Trans.	18	17⅞
Weston (Geo.)	87⅛	87

AUSTRIA

July 25	Price Schg	+ or −
Creditanstalt	344	−2
Goesser	510	−10
Interunfall	1,500	−50
Laenderbank	338	−4
Perlmooser	576	.....
Steyr-Daimler	182	−6

GERMANY

July 26	Price Dm.	+ or −
AEG-Telef.	126.5	−1
Allianz Vers.	1,375	+5
BASF	215.5	+0.5
Bayer	216.3	+1.3
Bayer-Hypo	358	+6
Bayer-Verein	398	+3

NORWAY

July 26	Price Kroner	+ or −
Bergens Bank	144.5	.....
Borregaard	420	.....
Christiania Bank	140.5	.....
DenNorske Cred	144.5	.....
Elkem	150.5	.....
Kosmos	212	.....
Kvaerner	172	.....

AUSTRALIA (continued)

July 26	Price Aust.$	+ or −
Gen. Prop. Trust.	2.22	.....
Hardie (James)	3.1	−0.08
Hartogen Energy	2.25xc	.....
Herald W'yTimes	4.9	.....
ICI Aust	2.05	.....
Jimberlana F.P.	0.24	−0.05

JAPAN (continued)

July 25	Price Yen	+ or −
MHI	343	−10
Mitsui	424	+2
Mitsui Estate	875	−9
Mitsukoshi	640	−5
NGK Insulators	680	−21
Nihon Cement	338	−1
Nippon Denso	1,360	+20

BELGIUM/LUXEMBOURG

DENMARK

ITALY

FRANCE

NETHERLANDS

SPAIN

SWEDEN

SWITZERLAND

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK

DOW JONES

STANDARD AND POOR'S

N.Y.S.E. ALL COMMON

Rises and Falls

TORONTO

MONTREAL Portfolio

NEW YORK ACTIVE STOCKS

** Saturday July 20: Japan Nikkei-Dow 12,797.96.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar disappoints

The dollar proved a disappointment yesterday to those hoping the U.S. unit would derive fresh support from rumours of imminent devaluations of some European currencies, and the outflow of funds from South Africa as a result of the present state of emergency. It showed small mixed changes at the London close, and then weakened quite sharply in New York. Much better than expected U.S. M1 money supply figures on Thursday renewed speculation about a cut in the Federal Reserves discount rate, and this tended to offset any benefit to the dollar from suggestions that the Spanish peseta, French and Belgian francs are in danger of following the Italian lira with devaluations. The dollar closed unchanged at DM 2.8640, but soon fell to DM 2.8250 in New York. It also fell to FFr 8.70 from FFr 8.7150 in London and SwFr 2.3345 from SwFr 2.3385, but rose to Y239.5 from Y238.95. On Bank of England figures the dollar's index rose to 138.7 from 138.5.

Sterling lost a little ground following the cut in the Bank of England's money market dealing rates. A cut of ½ per cent in clearing bank base rates was already well discounted in financial markets, but the timing will probably be quicker than expected. The pound fell ½ per cent to $1.4080-1.4090, and also declined to DM 4.0275 from DM 4.0350; FFr 12.2750 from FFr 12.29; SwFr 3.2875 from SwFr 3.2950; and Y336.75 from Y337. The exchange rate index rose 0.1 to 84.2.

£ IN NEW YORK

	July 26	Prev. close
£ Spot	$1.4140-1.4160	$1.4090-1.4100
1 month	0.48-0.45 pm	0.52-0.52 pm
3 months	1.20-1.15pm	1.28-1.25 pm
12 months	2.85-2.70pm	3.23-3.18 pm

Forward premiums and discounts apply to the U.S. dollar

STERLING INDEX

	July 26	Previous			
8.30 am	84.3	84.4	11.00 am	84.4	84.3
9.00 am	84.4	84.3	Noon	84.4	84.3
10.00 am	84.4	84.3	1.00 pm	84.1	84.3
			2.00 pm	84.2	84.3
			3.00 pm	84.2	84.0
			4.00 pm	84.2	84.1

POUND SPOT—FORWARD AGAINST POUND

DOLLAR SPOT—FORWARD AGAINST DOLLAR

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.50-58.60.

OTHER CURRENCIES

July 26	£	$		£ Note Rates
Argentina Austl.	1.1123-1.1239	0.8000-0.8010	Austria	28.30-28.60
Australia Dollar	1.9830-1.9870	1.4118-1.4138	Belgium	82.00-83.00
Brazil Cruzeiro	8,922.40-8,95.18	6,360-6,380	Denmark	14.46-14.61
Finland Markka	8.4290-8.4591	6.0180-6.0200	France	12.27-12.39
Greek Drachma	184.03-188.07	131.03-133.77	Germany	4.03-4.07
HongKong Dollar	10.8680-10.8850	7.7540-7.7570	Italy	2670-2720

* Selling rate.

EXCHANGE CROSS RATES

MONEY MARKETS

Bank cuts rates

Interest rates fell on the London money market around lunchtime yesterday, after the Bank of England cut its money market intervention rates. After the reduction of ½ per cent in official dealing rates banks are expected to cut base rates by a similar amount next week. Three-month sterling interbank fell to 11 $\frac{9}{16}$-11$\frac{11}{16}$ per cent from 11$\frac{13}{16}$-11$\frac{15}{16}$ per cent, while discount houses buying rates for three-month bank bills declined to 11$\frac{7}{16}$ per cent from 11$\frac{5}{16}$ per cent.

UK clearing banks base-lending rate 12 per cent since July 11-16.

The Bank of England forecast a money market shortage of £600m in the morning, but changed this to £650m at noon, and to £700m in the afternoon. Total help provided on the day was £718m.

The first assistance of the day was provided just before lunch, when a total of £71m bills were bought outright at spread rates. This was by way of £59m bank bills in band 2 (15-33 days maturity) at 11$\frac{7}{16}$-11$\frac{11}{16}$ per cent; £6m bank bills in band 3 (34-63 days) at 11½-11¾ per cent; and £6m bank bills in band 4 (64-91 days) at 11$\frac{7}{16}$-11⅝ per cent.

In the afternoon another £500m bills were purchased outright as the discount houses became more willing sellers of paper at the new rates. An amount of £1m Treasury bills were bought in band 1 (up to 14 days) at 11⅝ per cent; £1m bank bills in band 1 at 11⅝ per cent; £252m bank bills in band 2 at 11$\frac{7}{16}$ per cent; £40m bank bills in band 3 at 11½ per cent; and £206m bank bills in band 4 at 11$\frac{7}{16}$ per cent.

At the same time discount houses were offered borrowing facilities, and the authorities lent a further £147m to the market for seven days at 11½ per cent.

Bills maturing in official hands, repayment of late assistance and a take up of Treasury bills drained £558m, with a rise in the note circulation absorbing £235m, and below target balances at the banks another £10m. These were partly offset by Exchequer transactions adding £190m in liquidity.

LONDON MONEY RATES

ECGD Fixed Finance IV: Average Rate of interest period June 5 to July 2 (inclusive): 12.535 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association). 13 per cent from July 1 1985. London and Scottish Clearing Bank Rate for lending 13 per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills. Average tender rate of discount 11.1325 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 12 per cent; one-three months 11¾ per cent; three-six months 11½ per cent; six-nine months 11¼ per cent; nine-12 months 11¼ per cent. Under £100,000 10¾ per cent from July 16. Deposits held under Series 5 11¾ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 26)

3 months U.S. dollars

bid 8⅛ offer 8¼

6 months U.S. dollars

bid 8¼ offer 8 ⅜

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 26	Sterling	U.S. Dollar
Short-term	12-12¼	7$\frac{5}{16}$-7$\frac{7}{16}$
7 days' notice	11⅞-12⅛	7$\frac{5}{16}$-7$\frac{7}{16}$
Month	11$\frac{7}{8}$-12	7⅞-8
Three months	11$\frac{11}{16}$-11$\frac{13}{16}$	8$\frac{1}{16}$-8$\frac{3}{16}$
Six months	11⅝-11$\frac{3}{4}$	8$\frac{3}{16}$-8$\frac{5}{16}$

Asian $ (closing rates in Singapore): Short-term 7⅜-7½ per cent; seven days 7⅜-7½ per cent; one month 7⅞-8 per cent; three months 8⅛-8¼ per cent; six months 8¼-8⅜ per cent; one year 8⅝-8¾ per cent. Long-term Eurodollars, two years 9⅝-9¾ per cent; three years 10-10¼ per cent; four years 10¼-10½ per cent; five years 10½-10¾ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen, others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
SPICES					
Cloves	‡	—	$4,200	$4,200	$3,250
Pepper white	‡	—	$2,900	$3,950	$3,300
black	$3,500	—200	$1,750	$3,700	$2,150
OILS					
Coconut (Philippines)	$550u	—	$1,410	$950	$500
Palm Malayan	$450z	—40	$600	$700	$450
SEEDS					
Copra (Philippines)	$336v	—6	‡	$575	$330
Soyabeans (U.S.)	$226t	—	$290	$255.4	$223
OTHER COMMODITIES					
Cocoa Futures Sept	£1708.5	+31	£1782.5	£2,266.5	£1663.5
Coffee Futures Sept	£1537.5	—57.5	£2201	£2,457	£1487.5
Cotton Index	59.75c	—1.15	77.80c	71.95c	59.75c
Des. Coconut	£780	+20	£1300	£1,250	£760
Gas Oil Fut. Sept	$220.5	+5	$227	$255.5	$208.75
Jute LJA BWC grade	$445	—20	$598	$945	$445
Rubber kilo	63p	—1.5	68p	70p	62p
Sisal No. 3L	$620	—	$516	$670	$620
Sugar (Raw)	$114vt	+23	£89.5	$122.5	$82
Tea (quality) kilo	‡	—	275p	340p	195p
(low med) kilo	103p	—4	202p	255p	102p
Wooltops 64s Super	429p kilo	+9	470p kilo	526p kilo	438p kilo

‡ Unquoted. (g) Madagascar. (t) September. (u) August-September. (v) July-August. (x) November. (z) August.

OIL

North Sea crudes opened firm, came off and then recovered by the close. Most Brent trades were in September. Nymex opened 11c down for September and traded 2c down at 1.30 pm EST. In the petroleum products market gasoline drifted downwards but heavy fuel and naphtha were unchanged in thin trade. Prompt gas oil was stable to firm on short-covering demand while forward positions softened—Petroleum Argus, London.

SPOT PRICES

GOLD

market. It opened at $318½-319¼, the highest level of the day, and was fixed at $317.60 in the morning and $316.95 in the afternoon. The metal touched a low of $316-316½.

GOLD BULLION (fine ounce) July 26

Close	$317½-318	(£226-226½)
Opening	$318¾-319¼	(£226½-227)
M'n'g fix.	$317.60	(£225.600)
Aft'n'n fix.	$316.95	(£225.657)

INDICES

FINANCIAL TIMES

REUTERS

DOW JONES

REVIEW OF THE WEEK

Drought fears lift world sugar prices

BY OUR COMMODITIES STAFF

A SPATE of bullish news this week lifted world sugar prices out of the doldrums. The London daily price, which had already recovered by $9 from its recent historic low, gained another $22.50 to $114 a tonne and London futures market values registered similar gains.

The rise was encouraged by talk of drought hitting growing areas in the Caribbean, particularly the Dominican Republic, and in Cuba. Another bullish influence was growing confidence in Brazil's resolve to reduce exports in 1985-86.

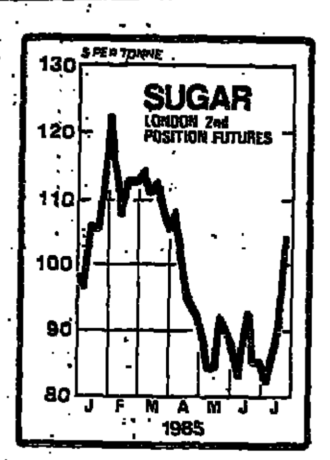
The resulting price rise prompted some reappraisal of the fundamental supply demand situation. It was suggested that stocks may have been run down by a greater amount than has been realised as low price levels have encouraged consumers to operate on a hand-to-mouth basis. If this is so rising prices may result in an exaggeratedly large rise in apparent consumption as stocks are rebuilt.

This week's price rise allowed the EEC to get its sugar export campaign back on course. A decision several weeks ago to set a ceiling on the level of subsidy available to bridge the widening gap between EEC and world prices had resulted in export authorisations falling below the target level. But higher world prices this week took the required subsidy below the ceiling and export licences were granted on 94,000 tonnes of white sugar, more than three times last week's level.

The coffee market meanwhile showed no sign of pulling itself out of its recent depression. The September futures position, which had already fallen £370 in the space of three weeks, lost another £165 early in the week before being lifted by a technical rally to end £57.50 down at £1,537.50 a tonne.

The initial fall, attributed to the continuing mild weather in Brazil and the current over-supply of coffee on the world market, resulted in the futures market becoming over sold and this triggered the rally, dealers said. Some of them argued, however, that the underlying downtrend remained intact.

The fall heightened tension at this week's International Coffee Organisation (ICO) executive Board meeting in London. It took the ICO daily indicator price below the 120 cents a lb level, which, if maintained for 15 days, will trigger another cut of 1m bags (60 kilos each) in ICO export quotas for this season. This would take the quota total to 58m bags but some producer representatives at this week's meeting were arguing for an additional 1m bags reduction to help stabilise the market. This suggestion was received with little enthusiasm by consuming country representatives.



The main feature on a relatively quiet London Metal Exchange this week was the reappearance of fears of a nearby supply squeeze which led to the return of the cash premium over the three months position and a sharpish rise in the cash price. The premium ended at £23.50 having reached £33 a tonne at one stage. At the end of last week there was a £3.25 discount for cash.

BASE METALS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	720-2	+2.5	—
3 months	742-5	+1.25	745/741.5

COPPER

LEAD

(550-1): three-months 553.5-4 (542-5): settlement 557 (551). Final kerb close: 578-9. Turnover, 13,700 tonnes. U.S. prime western: 41-41.75 cents per lb.

TIN

Official closing (am): Cash 9126-32 (9100-2): three-months 9112-4 (9057-9): settlement 9132 (9102).

SILVER

NICKEL

GRAINS

ZINC

FREIGHT FUTURES

Fresh selling developed on the opening and the weaker tone prevailed throughout the day.

ning Monday August 5 (based on HGCA calculations using 3 days' exchange rates) is expected to remain unchanged.

59.25 (same); Oct 59.25 (same). The Kuala Lumpur fob price for Rss No. 1 was 191.0 (same) cents a kg and for SMR 20 was 160.5 (161.0).

SUGAR

COCOA

SOYABEAN MEAL

COFFEE

POTATOES

RUBBER

PIGMEAT

AMERICAN MARKETS

GOLD AND SILVER firmed on the strength to currencies along with cautious short-covering ahead of the weekend due to the South African situation. Copper was steady with traders moving to the sidelines in anticipation of large stock increase on the LME. Aluminium attracted arbitrage buying and short-covering on the firm tone to sterling. Sugar traded sharply higher on computer buying along with continued concerns by users over the availability of nearby supplies. Cocoa firmed on short-covering in response to the rally in sugar but found resistance on producer selling. Coffee was steady on forecasts of cooler weather in the coffee belt next week. Cotton was slightly lower in reaction to poor export sales. Heating oil prices were slightly firmer after Opec failed to take any drastic action on price reduction; tight spot supplies continued to support firm values.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
July	45.20	—	—	44.40
August	45.40	—	—	44.60
Sept	45.65	45.80	44.95	44.85
Dec	46.60	46.60	46.00	45.80
Jan	46.30	—	—	46.10
March	47.55	47.00	47.00	46.75
May	48.25	—	—	47.45
July	48.95	—	—	48.15
Sept	49.65	—	—	48.85
Jan	51.05	—	—	50.25

CHICAGO

Authorities' signal for lower interest rates prompts marked turnround in equities

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
July 15	July 25	July 26	Aug 5
July 29	Aug 8	Aug 9	Aug 19
Aug 12	Aug 29	Aug 30	Sept 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

Leading stocks rebounded sharply after slipping to new 1985 lows early yesterday when prospects for another small reduction in bank base lending rates unexpectedly brightened. Moves by the Bank of England in UK money markets, where it cut intervention rates on all four bands by ⅛ percentage point, were interpreted as a clear indication of the authorities' approval of lower interest rates.

The news also stimulated Government securities but had the most impact on equities which have been depressed by concern over the effects of a strong pound. These fears were driven home on Thursday by market leader ICI when it announced interim profits which fell some way short of market estimates.

A none-too-favourable Press on ICI's full-year performance contributed to a cautious opening by equity sectors yesterday. Wall Street's firmness overnight was ignored and sentiment was hardly touched by the mortgage rate reductions announced on Thursday evening by two of the largest UK building societies. The FT Ordinary share index soon fell over 5 points to its lowest inter-day level of the year before steadying on end-Account closing of short positions.

The main thrust of the advance, however, followed the move in money markets. Turnover quickened and dealers reported a marked increase in inquiries from both institutional and private investors. Throughout the afternoon values improved with the upward momentum increasing in the after-hours' trade on business without penalty for the trading Account starting on Monday. The index consequently closed 13.1 up at the session's highest of 924.1; on the week it was 11.3 down.

Gilt-edged securities similarly regained initial falls as revived interest rate optimism generated domestic support. The shorts were particular beneficiaries and some issues rose ⅛ but longer bonds finally showed slightly larger rises, which extended to ⅜. Buyers remained active after-hours in the absence of new government funding and the recently-created £200m tranche of Treasury 11½ per cent 2001-04 ran out, at 112¼, without checking the rise in prices.

Clearers advance

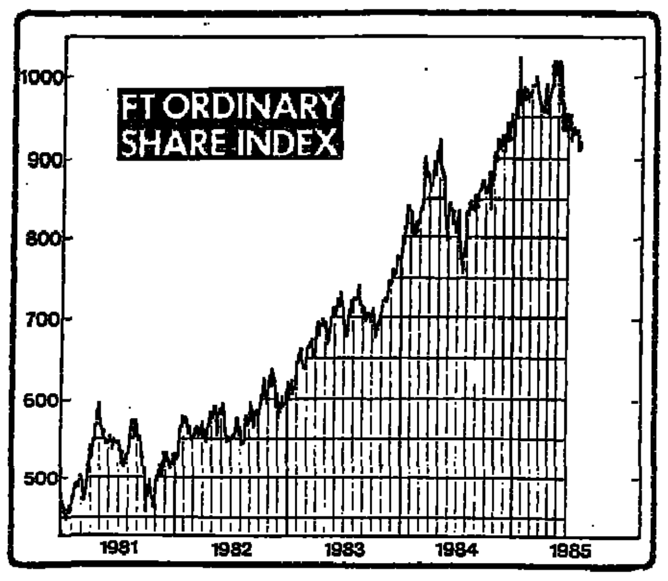
Buying ahead of next week's interim dividend season helped the clearing banks revive. Gains ranged to 17 with NatWest, the first to disclose half-year figures on Tuesday, closing that much dearer at 695p. Midland, at 390p, and Barclays, at 385p, which both report on Thursday, firmed 12 and 7 respectively. Lloyds closed 15 to the good at 405p; the latter will conclude the season next Friday. Elsewhere, Standard Chartered picked up to 450p on bear-closing, but still retained a fall of 45 on the week owing to the civil unrest in South Africa. Merchant banks drifted lower for want of suport. Kleinwort Benson lost 8 at 490p and Hambros 5 at 157p.

After Thursday's poor debut in the Unlisted Securities Market, Moss Advertising rebounded 8 to 106p.

Breweries recovered from a shaky start to close with modest gains on balance. Bass, a dull counter recently on worries about the possible impact on profits of the strike at its Runcorn brewery, rallied 6 to 534p. Allied-Lyons, down to 214p initially picked up on "new-time" buying to finish unchanged at 218p. Elsewhere, Arthur Bell firmed 3 to 240p on hopes of an increased offer from Guinness. Distillers rallied 4 to 274p.

After a dull start, leading Buildings staged a modest rally on interest rate considerations. Blue Circle, however, closed 5 cheaper at 525p, after 523p, on worries about the impact on earnings of the devaluation of the Mexican peso. Elsewhere, Tarmac picked up from an initial 318p to close 8 higher on balance at 328p, while BPB Industries finished 6 better at 263p, after 255p. Attwoods firmed 3 to 87p following U.S. acquisition news, while speculative counter Phoenix Timber added a couple of pence at 122p: the latter's annual results are due on August 2. Favourable Press comment failed to sustain Tilbury Group, 6 lower at 118p, while fading bid hopes left SGB 4 off at 142p.

ICI remained a sensitive market in the wake of the disappointing mid-term figures and after easing to a 1985 low of 655p, rallied to close a net 8 higher, but 26 down on the week, at 668p.



Harris Queensway rise

The Stores sector featured Harris Queensway, up 16 at 250p, on speculation about a possible bid from Woolworth: the latter closed 13 higher at 446p after publicity given to a broker's circular. Debenhams slipped a couple of pence to 308p: bidders Burton came under early selling pressure and reacted to 422p before rallying strongly to close a penny dearer on balance at 438p. House of Fraser has increased its Debenhams stake to 13.36 per cent and was thought to have acquired more shares yesterday.

A largely technical recovery by the Electrical majors enabled prices to retrieve a fair portion of Thursday's sharp falls. Plessey regained 6 at 144p and Thorn EMI moved up 7 to 326p. GEC put on 4 to 172p as did Racal, to 132p. British Telecom closed 5 dearer at 184p on further consideration of the international telecommunications deal with A. T. and T. STC remained a nervous market and dropped to a 1985 low of 86p before rallying to close unaltered at 90p: the interim figures are due on August 9. Elsewhere, CASE, persistently sold this week because of a chart "sell" recommendation, rebounded 19 to 184p. Security Centres, at 115p, held the previous day's rise of 13 following the Board's rejection of Automated Security's share exchange bid.

TI, easily the most outstanding performer in the Engineering recently closed 5 up and 87 higher on the trading Account at a 1985 peak of 355p: the advance has been fuelled by a Press suggestion that a 400p per share bid from Evered is imminent after the latter's acquisition of a 12 per cent stake in the company. Elsewhere, John Brown hardened a couple of pence to 33p, while Astra Industrial added ¾ to 6½p on the reduced annual deficit. Whessoe put on 4 to 90p, but RTD fell 3 to 15p after the results and proposed rights issue. Profit-taking in the wake of the excellent results left Meggitt 6 lower at 91p. Among the leaders, Vickers rallied 6 to 248p and Hawker improved 4 to 367p. GKN, however, touched 200p before closing a penny easier on balance at 203p: the interim results are scheduled for August 7.

Tate and Lyle came under selling presure on rumours that the company was about to make a vendor placing to finance an acquisition and the price reacted to 440p prior to closing a net 10 down at 443p: the company announced yesterday the £5.75m cash purchase of Farm Feed Holdings, an animal feeds manufacturer. Avana came back 15 to 605p on lack of support, but S. and W. Berisford were helped by Press comment and rose 7 to 167p. Food Retailers were supported on consumer spending considerations. Associated Dairies firmed 6 to 140p and Argyll gained the same amount to 296p. Buying ahead of the annual results, due on August 8, lifted Dee Corporation 10 to 248p, while Tesco rose 6 to 251p following the annual meeting.

BAe better

Miscellaneous industrial leaders ended a gloomy week with a flourish. Bear closing and new time buying interest prompted a few strong recovery movements particularly in BTR, which rebounded 17 to 320p. Beecham improved 8 to 323p and BOC firmed 6 to 269p. Elsewhere, British Aerospace, sold recently on fears that the European aircraft project, in which it has a 25 per cent interest, was in jeopardy, bounced back to close 18 better at 313p, after 318p, while the new nil-paid shares jumped 20 to 148p, after 150p. LRC were the subject of revived takeover speculation and moved up 9 in active trading to 124p, while Watshams responded to the bumper full-year profits with a rise of 12 at 168p. Demand ahead of Monday's preliminary figures left F. H. Tomkins a couple of pence better at 198p. Celtic Haven added 2 more for a two-day rise of 12½ at 87p on further consideration of the acquisition details and confident statement which accompanied the preliminary figures. Christies International, a volatile market since the U.S. dispute which led to the resignation of the chairman, dropped 27 to 215p on news of disappointing auction sales figures. Elbief, at 29½p, and Plastic Construction, at 51p, fell 3 and 4 respectively in reaction to disappointing trading statements.

Saga Holidays gained 5 to 155p in reply to the improved interim figures.

Interest rate optimism gave the Property sector further cause to improve. The leaders responded to some particularly aggressive buying and MEPC were outstanding at 274p, up 12; the new share, issued in connection with the acquisition of EPC from Olympia and York Developments, opened at 262p and advanced to 274p. Land Securities rose 10 to 286p, while Haslemere Estates gained 8 to 474p and British Land 5 to 144p. Rises of 4 were common to Peachey, 256p, Great Portland Estates, 152p, and Brixton Estate, 135p. Elsewhere, Control Securities added 2 to 37p on news that Labofund AG had increased its stake to 14.2 per cent. House Property Company of London were suspended, at 280p, at the company's request pending an announcement.

Recent weakness in South African industrials showed little signs of abating. Still reflecting extreme nervousness over the freeze on new investment in South Africa imposed by the French Government, Barlow Rand dropped 20 more to 380p—extending the loss on the week to 100 — while OK Bazaars retreated 75 to 425p and South African Breweries 20 to 220p.

Courtaulds failed to participate in the recovery and settled a penny cheaper at a year's low of 122p. Among other Textiles, Dawson International moved up 6 to 234p, but Burmatex shed 4 to 132p following disappointing interim results.

Bats dipped to a 1985 low of 286p before staging a useful rally to close a couple of pence dearer on balance at 295p.

Britoil dip and rally

Leading Oils looked set for another quiet trading session and drifted easier at the outset. However, the sector picked up well in the afternoon and after-hours' business to close with good gains on balance. Sold down to 198p early on Britoil rallied strongly to end the day a net 4 up on balance at 207p following further details of the sale of the Government's remaining 49 per cent stake in the company. BP and Shell settled 7 higher at 517p and 677p respectively, while Tricentrol put on 5 to 188p and Ultramar 6 to 213p. Among secondary oils Falcon rose 4 to 55p.

Golds steadier

The South African Gold share market regained a measure of composure after a four-day period of sustained weakness. The trigger for the heavy selling earlier in the week was the South African Government's imposition of a state of emergency in numerous areas of the Republic following widespread outbreaks of civil unrest. The move provoked an immediate reaction from the French Government which recalled the French Ambassador and imposed a freeze on new investment in South Africa. Yesterday's steadier trend in Golds followed a minor rally in New York overnight.

Share prices opened steady in London and thereafter managed modest gains which were more a reflection of bear closing purchases than straight buying orders. Around midday a sudden decline in the South African Rand put paid to any Johannesburg support and caused a fresh downturn in share prices, but the market steadied again in the late afternoon when renewed support was forthcoming from the Continent, especially Paris and Switzerland.

The Gold Mines index finally showed a 3.6 rise at 332.6 but still displayed a 72.3 fall over the week.

Support for Golds was mainly directed towards the leading issues which suffered badly in the mid-week trade. Driefontein recorded a ½ improvement at £13½ and President Brand rallied ½ to £14¼, while President Steyn added ½ at £15½.

The healthier performance of Golds failed to carry over into the South African Financials sector, which remained under pressure. Apart from De Beers, steady at 345p, all leading stocks recorded further heavy losses, led by Anglo American Corporation, down 30 at 920p, and Gencor, which dropped 200 to a year's low of 850p. "Amcoal" lost £2½ to £16½ and "Johnnies" slumped £5 more to £72—a two-day decline of £10. Consolidated Gold Fields dipped to a 1985 low of 447p before rallying to close only 2 off at 450p, while Rio Tinto-Zinc, initially down to a low of 535p, settled unaltered on balance at 538p.

Platinums failed to attract any worthwhile support despite the good results from Rustenburg and Lydenburg. Rustenburg dipped 10 more to 540p, leaving the shares 90 lower over the week, while Lydenburg gave up 30 to 420p and Impala 40 to 610p.

The Australian Gold sector, a strong market for much of the week as investors switched from South African to "down-under" producers, finally attracted profit-taking, although the sales were generally of a modest nature. Central Norseman Gold closed 5 off at 473p, after 468p. Poseidon lost a like amount at 203p and Gold Mines of Kalgoorli were a shade easier at 523p. North Kalgoorlie and Pancontinental eased around 5 apiece to 43p and 95½p respectively. Terrex Resources were suspended at the outset of trading, having previously changed hands around 20p, pending litigation over disputed mining leases with Portman Mining: the latter were suspended just over a week ago.

Traded Options ended the week on an active note. Total contracts struck amounted to 10,071, comprising 5,312 calls and 4,759 puts. British Telecom were particularly favoured, recording 1,381 calls and 1,187 puts.

FINANCIAL TIMES STOCK INDICES

	July 26	July 25	July 24	July 23	July 22	July 19	year ago
Government Secs.	83.46	83.14	83.25	83.29	83.96	83.08	76.16
Fixed Interest	88.50	88.50	89.29	83.26	88.14	88.15	80.83
Ordinary ♥	924.1	911.0	926.0	921.1	935.3	935.4	776.4
Gold Mines	332.6	330.2	369.5	356.7	385.2	404.9	502.4
Ord. Div. Yield	5.02	5.08	5.01	5.05	5.01	4.97	5.37
Earnings, Yld. % (full)	12.55	12.68	12.50	12.55	12.51	12.40	12.54
P/E Ratio (net) (*)	9.75	9.65	9.77	9.75	9.76	9.85	9.78
Total bargains (Est.)	20,940	19,875	20,528	19,500	19,368	19,850	17,757
Equity turnover £m.	—	377.62	279.88	258.98	252.96	300.67	264.90
Equity bargains		16,546	13,882	15,545	14,791	14,932	15,352
Shares traded (ml)	—	184.4	139.9	138.3	129.5	169.5	203.8

♥ [illegible] 11 am 920.5 Noon 912.5 [illegible] 912.9
[illegible] 3 pm 917.2 4 pm 919.1
Day's High 924.1 Day's Low [illegible]
Basis 100 Govt. Secs. [illegible] Fixed Int. 1928. Ordinary 1/7/35. [illegible] SE Activity 1974
Latest Index 01-246 8026
* Nil = 10.42.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	[illegible]	78.02	127.4	49.18
Fixed Int	88.50	82.17	150.4	50.53
Ordinary	1024.5	911.0	1024.5	49.4
Gold Mines	555.9	330.2	734.7	43.5

	July 25	July 24
Daily Gilt Edged Bargains	141.0	142.6
Equities Bargains	107.2	89.9
Equities Value	765.5	565.7
5 day Average Gilt Edged Bargains	146.5	153.6
Equities Bargains	97.8	97.7
Equities Value	604.4	619.1

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4
Aug 5	Aug 16	Nov 7	Nov 18

For rate indications see end of Share Information Service

Call options were struck in Attwoods, STC, Trusthouse Forte, Minoil, West Bromwich Spring, New London Oil, Bryson Oil and Gas, Eglinton, Midland Bank, Falcon Resources, First Land Oil and Gas, Brunswick, Pavion, Hill Minerals, North Kalgurli Mines, Jaguar and Riley Leisure. No puts were arranged, but doubles were done in Marley, Riley Leisure and Blackhill Minerals.

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
‡59	F.P.	9/8	60	58	‡ATA Selection 5p	60	+2	bg1.5	2.6	3.6	15.3
180	F.P.	2/8	235	223	Abbey Life 5p	226	..	b6.6	—	4.2	—
‡138	F.P.	2/8	140	130	‡Appletree 10p	135	..	b2.5	3.8	2.7	15.1
50	F.P.	12/8	50	47	Baillie G'f'd Shin Npn.	47	−½	—	—	—	—
‡75	F.P.	24/7	87	78	‡Blanchards 10p	80	....	b2.1	1.6	3.7	13.1
170	F.P.	23/8	172	165	Bradstock 5p	170	..	bg5.25	2.4	4.4	15.6
130	F.P.	24/7	134	99	Brent Walker 10p	108	−2	b3.5	2.9	4.6	9.4
375	200	10/9	255	128	British Aerospace 50p	148	+20	13.65	3.1	6.1	5.9
[illegible]	F.P.	—	48	40	‡Cannon Street Invs.	40	−5	—	—	—	12.5
**	F.P.	12/7	12	8	Clive Discount Wrrts.	10	..	—	—	—	—
[illegible]	F.P.	30/8	100	95	‡CobraEmer'ldMines	95	−5	—	—	—	—
‡70	F.P.	12/7	80	74½	‡Cranbrook Elect. 5p	77	......	b1.5	5.9	2.8	15.8
**	F.P.	—	105	75	Expln. Co. Louisiana	85	...	—	—	—	—
‡140	F.P.	6/9	160	150	‡FKB Group 5p	150	...	1.75	3.2	1.7	26.8
160	F.P.	26/7	120	95	First Security 10p	95	...	u3.5	2.6	5.0	9.4
‡85	F.P.	9/8	90	78	‡Goodhead Print 20p	80	...	b3.0	2.2	5.4	9.8
Ir.97	F.P.	26/7	77	68	Green Property Ir.25p	68	..	12.57%	1.5	3.8	25.7
..	F.P.	—	460	380	‡Heavitree Brewery	390	..	10.75	1.9	3.9	18.2
..	F.P.	—	450	370	Do.'A' Lim. Vtg.Ord.	370	...	10.73	1.9	4.1	17.9
*123	F.P.	9/9	188	128	Isotron	158	+5	bg1.25	3.9	1.1	32.7
**	F.P.	9/8	47	44	London Tst. Wrrts.	45½	−1	—	—	—	—
‡44	F.P.	—	54	46	‡Micha'l J Design 2½p	54	+1	1.0	3.6	2.6	15.0
120	F.P.	25/7	115	100	Micro Scope 10p	100	..	b1.5	4.2	2.1	14.0
‡95	F.P.	...	105	95	‡Moss Advertising 5p	106	+8	bg2.45	3.0	3.3	14.6
50	F.P.	26/7	50½	48½	Nordic Inv. Trust 10p	48½		—	—	—	—
‡170	F.P.	9/8	170	136	‡Pacer Systems $0.01	140	+2	bg5.8c	—	2.1	—
41	F.P.	9/7	47½	36	‡Perkins(J.)Meats 10p	36	..	b.g1.8	2.0	7.1	9.5
99	F.P.	9/8	117	102	‡Polypipe 10p	113		b2.9	2.7	3.7	14.0
‡138	F.P.	19/7	142	126	‡Prontaprint 10p	128	−1	b1.8	3.1	2.0	22.9
115	F.P.	21/8	125	103	Salvesen (Christian)	122	−1	2.875	2.2	3.4	19.1
150	F.P.	9/8	125	98	‡Sapphire Petm. 50p	98	..	—	—	—	—
	F.P.	12/7	425	305	Sturge Hldgs 20p	325	−10	b6.0	2.4	2.6	22.5
‡75	F.P.	—	77	74	‡Trilion 10p	74		bg1.1	4.2	2.1	15.7

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
**	F.P.	—	97½	96½	Boddingtons 9½% Cv. Uns. Ln. 2000/05	96½	...
..	Nil	11/9	½pm	½pm	C. H. Industls. 7% Cnv. Cum. Prf.	½pm	..
..	F.P.	—	198	185	‡Cannon St. Invs. 7.7% Cv. Cm. Rd. Prf. '94-8	185	......
..	F.P.	12/8	101p	94p	Euro. Ferries 6.75% Cv. Rd. Cum. Prf.	95p	......
50p		27/9	45½p	41p	Hanson Tst. 5.75% Cnv. Cum. Red. Prf.	43p	....
88.466	£30	—	30⅛	29¾	Intl. Bk. for Rec. & Dev. 9½% Ln. 2010	30⅛	+¼
	Nil	13/9	1½pm	½pm	Juliana's 7½% Cnv. Uns. Ln. 2000-02	½pm	......
499.855	£25	—	25½	25	Keystone Invs. 11⅝% Deb. 2010/15	25½	....
‡99.026	F.P.	23/9	100½	99½	Lowland Inv. 11¼% Deb. 2010	100	−½
.	Nil	—	1pm	1pm	Macallan-Glen. 6¼ Cnv. Uns. Ln. 2005	1pm	......
90.705	£30	6/9	33⅛	29⅞	Malaysia 10¾% Ln. 2009	33⅝	+⅛
99.99	F.P.	26/7	104½	100	Mansfield Brewery 11½% Deb. 2010	104½	+½
—	F.P.	26/7	100⅜	100	Nationwide Bldg. Soc. 12⅞% 30/6/86	100⅜	−⅛
—	F.P.	—	100⅜	100⅛	Do. 11⅞% Bds. 21/7/86	100⅜	+⅛
100	F.P.	—	112	108½	Oldham Met. Borough 12.4% Rd. 2022	112	−¼
**	F.P.	26/7	125p	121p	Port. & Sund. 10½% 2nd. Cum. Prf.	125p	..
**	F.P.	—	100	95	REA 9% Cum. Pref.	95	−5
*100	£10	5/9	11½	10⅝	Sund. & S.Sh'lds. Wtr. 11.8% Rd. Db. '95 97	11½	
	Nil		1pm	1pm	Walker (A) 8½% Cum. Conv. Red. Pref.	1pm	......
*100	£10	19/9	11⅛	10⅝	West Hampshire Wtr. 11.8% Rd. Db. '95-97	11½	...
*100	£10	19/9	11⅛	10⅝	York Wtr. 11.8% Red. Deb. 1995/97	11½	..

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
165	Nil	13/9	15pm	3pm	Baker Perkins 50p	3pm	−1
180	Nil	—	52pm	40pm	Bestwood 15p	50pm	−2
55	F.P.	16/8	37½	30	‡Bio-Isolates	33	....
145	F.P.	2/8	175	158	‡Blue Arrow	158	−2
100	Nil	30/8	2pm	½pm	‡Cobra Emerald Mines	½pm	−⅛
280	Nil	—	48pm	25pm	Extel	25pm	......
185	100	28/10	123	99	Hanson Trust	104	......
210	Nil	4/9	410pm	390pm	Hazlewood Foods 30p	390pm	−5
350	F.P.	6/8	295	265	London United 20p	275	......
285	F.P.	9/8	323	297½	Mills & Allen	320	−5
77	Nil	28/8	¼pm	½pm	New Cavendish 5p	½pm	......
120	Nil	30/8	8pm	3pm	Prestwich	5pm	....
600	F.P.	20/8	700	643	Union Discount £1	690	......
A$1.25	Nil	—	5pm	1pm	‡Woodside Pet. A$0.50	1pm	−1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▌ Allotment letters or fully paid. ‖‖ Introduction. ‡ Unlisted Securities Market. ‡ Placing price. ‡‡ Dealt in under Rule 535 (3). Dealt in under Rule 535 (4)(a).

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, July 25, 1985.

Insurance (Life)	+22.56	Other Industrial Materials	+ 0.11
Office Equipment	+18.61	Textiles	− 0.17
Telephone Networks	+17.79	All-Share Index	− 0.29
Newspapers, Publishing	+17.34	500-Share Index	− 1.17
Insurance (Composite)	+15.08	Investment Trusts	− 1.70
Shipping and Transport	+14.23	Industrial Group	− 1.71
Stores	+13.69	Insurance Brokers	− 2.07
Packaging and Paper	+13.19	Food Manufacturing	− 2.10
Contracting, Construction	+ 8.88	Health and H'sehold Products	− 2.83
Banks	+ 8.06	Overseas Traders	− 3.49
Metals and Metal Forming	+ 6.82	Mechanical Engineering	− 5.33
Brewers and Distillers	+ 6.05	Property	− 5.38
Financial Group	+ 5.91	Mining Finance	− 8.74
Other Groups	+ 5.51	Chemicals	− 9.15
Motors	+ 3.57	Capital Goods	−13.46
Merchant Banks	+ 2.65	Tobaccos	−14.74
Oils	+ 2.33	Leisure	−14.78
Building Materials	+ 2.26	Electricals	−18.44
Food Retailing	+ 2.04	Gold Mines Index	−31.05
Consumer Group	+ 1.35	Electronics	−33.65

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (52)

BRITISH FUNDS (30)
INTL. BK. & O'SEAS GOVT. STLG. ISS. (1)
Mexico 16½pc 2008
CORPORATION LOANS (2)
London Corp. 9½pc 1984-85 | LCC 5½pc 1985-87
LOANS (4)
Nationwide Bldg. Soc. 12½pc 12/5/86 | Agricl. Mort. 5pc 1959-89
Do. 9/6/86 | Met. Water 3pc B
CANADIANS (1)
Intl. Corona Res
BUILDINGS (2)
Blockleys | Sharpe & Fisher
STORES (1)
Woolworth
ENGINEERING (3)
Robinson (T.) | Senior Eng
INDUSTRIALS (1)
Photo-Me-Intl
NEWSPAPERS (1)
Independent
PAPER (1)
Clay (Richard)
PROPERTY (3)
Regalian | Taps Estates
Rosehaugh
MINES (2)
Hawk Invs. | North Kalgurli

NEW LOWS (146)

AMERICANS (9)
CANADIANS (1)
BANKS (1)
BUILDINGS (1)
CHEMICALS (8)
STORES (5)
ELECTRICALS (9)
ENGINEERING (8)
FOODS (2)
HOTELS (2)
INDUSTRIALS (22)
INSURANCE (2)
LEISURE (4)
PAPER (4)
SOUTH AFRICANS (5)
TEXTILES (3)
TOBACCOS (1)
TRUSTS (20)
OILS (5)
MINES (34)

RISES AND FALLS

	Rises	Falls	Same	Rises	Falls	Same
British Funds	106	0	2	239	189	112
Corporations, Dom. and Foreign Bonds	30	1	47	72	41	277
Industrials	219	377	873	992	1,756	4,597
Financial and Props.	106	127	323	408	593	1,779
Oils	33	18	77	168	156	376
Plantations	2	0	16	9	18	63
Mines	45	66	68	214	323	358
Others	83	73	87	309	468	429
Totals	624	662	1,493	2,351	3,544	7,991

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
British Aerospace†	148	+20	Jaguar	260	+ 1
BP	517	+ 7	LRC International	124	+ 9
Celtic Haven	87	+ 2	MEPC	274	+12
Christies International	215	−27	NatWest Bank	695	+17
Driefontein	£13½	+ ½	Tate and Lyle	443	−10
ICI	668	+ 8	Vaal Reefs	£57½	+ ¾

† Partly-paid.

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No of changes	Last Thurs. close	Change on week	Stock	No of changes	Last Thurs. close	Change on week
ICI	124	660	+30	Cns Gold Fds.	70	452	−68
Bowater Inds.	105	303	+47	Britoil	67	203	+ 2
Beecham	93	315	+ 9	Falcon Res	67	51	− 6
TI	82	330	+32	NatWest Bank	65	678	− 4
BTR	74	303	−20	BP	64	510	− 6
Barclays	71	373	−20	Debenhams	64	310	− 4
BAT Industries	70	333	−10	GUS "A"	63	763	−20

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
ICI	39	660	−30	Imperial Group	16	170	+ 5
Bowater Inds	23	303	−10	Midland Bank	16	376	—
Celtic Haven	21	83	+10½	Moss Advrtsg.	16	98	—
Beecham	19	315	−10	Ultramar	16	207	− 3
Boots	19	173	− 5	BTR	15	303	−12
Cns Gold Fds.	16	[illegible]	[illegible]	Barclays	14	[illegible]	[illegible]
De Beers Dfd.	16	[illegible]	[illegible]	BAT Industries	14	333	− 7

S. E. DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT, HP

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

—A—

[illegible]

—C—D—

[illegible]

—E—F—

[illegible]

—G—H—

[illegible]

—I—J—K—

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

£82¼ ½
Johnson, Matthey 5pcPf (£1) 48 (23/7). 8pcCnv Pf (£1) 175. 6½pcMtgDb 1985-90 £81½ (19/7)
Johnston Grp 10pcPf (£1) 112½ (22/7)
Juliana's Hldgs 7½pcCnvLn 2000-02 £0½ (22/7)
Kenning Motor 5½pcPf (£1) 44 (19/7). 7pcPf (£1) 54½
Kingsley and Forester 3.85pcPf (£1) 37 (23/7)

L—M

LRC Inter 8pcLn 1990-95 £75½♦
Ladbroke Grp Wts 212 (22/7)
Laing (John) ANaVtg 252 3 4
Laporte Ind 5½pc2ndPf (£1) 46½ (24/7). 8pcDb 1993-98 £79½ (23/7)
Lees (JohnJ) (10p) 128
Lewis (John) 5pc1stPf (£1) 41
Lewis (John) Partnrshp 5pcPf (£1) 42 (24/7)
Lewis's Invest Tst 6½pcMtgDb 1985-90 £83½ 4
Lex Service 2ndSerWts 60 (19/7). 6½pc Pf (£1) 55½ (23/7). 8½pcLn 1992-97 £79 (19/7)
Lifecare Int 6.25pcCnv (£1) 99‡ ½‡ (23/7)
Linread 8pcLn 1987-92 £72
London and Midland 8¼pcLn 1983-88 £89 (23/7)
Lonrho 9pc2ndMtgDb 1987-92 £90 (24/7). 12¾pc2ndMtgDb 1985-90 £105 (19/7)
Lucas Ind 7¼pcLn 1983-88 £94¼. 10¾pc Ln 1992-97 £96¼ (22/7)
M.K.Electric 7½pcLn 1986-91 £84 5 (23/7)
M Y.Dart Dfd (10p) 20 (24/7)
Macanie (London) 7½pcLn 1986-91 £70 (22/7). 7¾pcLn 1986-91 £76 (22/7)
Macarthys Pharm 5½pcBPf (£1) 54½ (19/7)
McCarthy and Stone 7pcCnvLn 1999-04 £115 ‡ ¼‡ 6 (24/7)
McKechnie 10pcCnvLn 1994-99 (66 2/3p) 115 (24/7)
Macpherson (Don) 7¼pcLn 1989-94 £78½ (24/7)
Magnet and Southerns 5.25pcPf (£1) 74
Manor Nat 10½pcPf (£1) 85 (24/7)
Maple 10½pcPtlySecLn 1998-2002 £91
Mappin and Webb 6pcPf (£1) 50½ (24/7). 5½pc2ndPf (£1) 44½ (19/7)
Marks and Spencer 7pcPf (£1) 59½ (22/7). 10pcPf (£1) 82½ (19/7)
Marley 6½pcPf (£1) 54 (19/7). 11¾pc Db 2009 £106¾ (24/7)
Marshall (Thos) (Loxley) 660. 7pcPf (£1) 47 (24/7)
Marshalls Halifax 10pcPf (£1) 110 (23/7)
May and Hassell 6pcPf (£1) 50 (22/7)
Metal Box 4.9pcPf (£1) 59½ 2.8pc2ndPf

Talbot Motor 5½pcDb 1984-89 £81
Tarmac 5½pc (Free of Inc Tax) Pf (£1) 64½. 6¼pcDb 1986-91 £88½ (23/7). 7½pcDb 1992-97 £74½ (23/7). 7¼pc Db 1985-90 £86 (24/7). 8¼pcLn 1990-95 £82½
Tate Lyle 6½pcPf (£1) 56. 5½pcDb 1980-85 £98⅞. 7¼pcDb 1989-94 £79½ (22/7). 6¾pcLn 1985-90 £80 (24/7). 7½pcLn 2003-08 £69. 13pcCnvLn 1994-99 £158 9 (24/7)
Taylor Woodrow 7¾pcLn 1987-90 £83½ (23/7)
Television South 14/20pcSubLn 1986-88 £114½ (24/7). 10pcSubCnvLn 1997 £104 (24/7)
Tenneco Inc 10pcStg/SCnvLn 1991-95 £171
Tern Gp 9pcCnvPf 1997-2000 (£1) 107 (24/7)
Thomson Org 4.72pc1stPf (£1) 57. 5.83pc Pf (£1) 73½ (24/7). 21.7pcPf 67½. 7¼pcLn 1987-92 £70½
THORN EMI 3.5pcPf (£1) 43½ (22/7). 5pcLn 2004-09 £50¼ (23/7). 7½pcLn 1989-92 £81 (22/7). 7¾pcLn 2004-09 £70¼ (22/7). 8½pcLn 1989-94 £84½
Tilling (Thos) 4.85pcPf (£1) 58½ (24/7). 5.25pcPf (£1) 63 (19/7). 8pcDb 1985-90 £89. 8½pcLn 1989-94 £84 (24/7)
Tioxide Gp 11½pcLn 1991-96 £98 (24/7)
Titaghur Jute Factory (£1) 21 2 (22/7)
Tomkins (F. H.) 9¼pcCnvLn 1994 £163 (22/7)
Tootal Gp 5pcPf (£1) 43. 7¼pcDb 1985-1990 £86. 7¼pcLn 1989-94 £73½‡ ¾ (23/7)
Towles (10p) 87♦. A N-Vtg (10p) 62
Trafalgar House 7½pcPf (£1) 61 (23/7). 7pcDb (£1) 57 (22/7). 8pcLn 1994-99 £76 (22/7). 9½pcLn 2000-05 £87½ (22/7). 10¼pcLn 2001-06 £92
Transport Dev Gp 4.2pcPf (£1) 50 (23/7). 8¼pcLn 1993-98 £75½ (24/7). 12½pc Ln 2008 £108 (24/7)
Trinity Internl Hldgs (50p) 248 (23/7)
Triplex 5½pcPf (£1) 40 (22/7)
Trust house Forte 6.25pc1stDb 1984-89 £85¾ (24/7). 7.25pc1stDb 1986-91 £83¼ (22/7). 10.5pcDb 1991-96 £99¼. 9.1pcLn 1995-2000 £83¼ (24/7)
Turner Newall 8pcDb 1987-92 £82½ (24/7). 10.1pcDb 1990-95 £89½ 90 (22/7). 11¼pcDb 1995-2000 £100¼ (24/7)
Turriff Con 5¼pcPf (£1) 42¼ (24/7)
Tyzack Turner 7½pcPf (£1) 39‡ (22/7)

Unigate 5¼pcDb 1983-88 £84½. 5pcLn 1991-96 £61½. 6½pcLn 1991-96 £71 ¼ 2
Unilever 7pc 1stPf (£1) 60 (24/7). 8pc 2ndPf (£1) 69½ 70 (24/7). 6¼pcDb 1985-88 £97. 5½pcLn 1991-2006 £54¼ (24/7). 7¾pcLn 1991-2006 £71¼ 2 ¼ ½ 1
Unilever NV 6pcPf (Fl12) 50 (24/7)

Scottish Cities Invest Tst 445♦. 5pcPfd £44
Scottish Eastern Invest Tst 4½pcPfd £36 (19/7)
Scottish Invest Tst 3.5pcPfd £45 (24/7). 3.85pcPfd £46½ (24/7). 4.55pc A Pfd £57♦
Scottish Mortgage Tst 4pcPfd £32 (24/7)
Scottish National Tst 6pcPfd (£1) 51½
Securities Tst of Scotland 4½pcPfd £37 (22/7)
Shires Invest. New (50p) 184 7. Wts to sub 26 ½. 11pcLn 2003-04 £103
Stockholders Invest Tst 5pcPfd £42½ (23/7)

Wold (5p) 96 & 9‡ ⁵⁄₁₆‡ 100

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Abbey National Bldg Soc 10⅞pcBd £99.731pc (19/7)
Airship Inds 24½ 5½ (19) 24 ½ 5 ½
All England Lawn Tennis Gnd £50Dbs 1986-90 (F.P.) £10 875 (23/7). £500 Dbs 1986-90 (£862 pd) £7300 400 (24/7)
Allied Entertainments (£1) 93 ¼ (24/7)
Amal Metal Corp 6pcPf (£1) 42½ ¾ (24/7). 5.4pcPf (£1) 54 ¼ (24/7)
Anglo-Amer Agric 43½ 4 ½
Ann Street Brewery (£1) 455 (23/7)
Appleton (10p) 42
Bristol, West Bldg Soc 10⅞pcBds £99.747pc (19/7)
Castletown Brewery 270 (24/7)
Central ITV (50p) 185 6
Channel Island Comm 100 (19/7)
Ciba-Geigy 8¼pcLn 1982-95 £325pc
Dart Valey Light Rlwy (£1) 105 15 (19/7)
Dubois (20p) 52 6 (19/7)
Gale (G.) £1) 365 9 (19/7)
Godwin Electricals (5p) 8½
Goff (Robert J.) (Ir 20p) 35 (24/7)
Greenstar Hotels 29 (23/7)
Guernsey Gas Light (£1) 240 (23/7)
Hard Rock Cafe (2p) 68 70 3
Hartley Baird (5p) 6 7 (23/7)
Harvard Secs (2p) 19 20
Home Brewery 780 3 (19/7)
Hugin (10p) 170
ICE (1p) £14 ¼ (24/7)
Integrated Business (5p) 95 6 (22/7)
Jersey Gas 3pcPf (£1) 24 (19/7)
Kunick Leisure (10p) 56 7
Le Riches Stores (£1) 505
Manchester Utd FC (£1) 390 (24/7)
Newgate (5p) 2 ¼
Ouvah Highfields (£1) 95 100 (23/7)
Park Lane Hotel 5.6pcPf (£1) 51 5
Severn Valley Railway (£1) 75 (23/7)
Shepherd Neame A (£1) 475 80 (24/7)
Sinclair Research 400 50
Sth Quay Invs (£1) 120 (23/7)
Stallion (I£1) 100 (19/7)
Stead and Simpson 4½pcDb 1989 £35pc 7pc (22/7)
Taddale Invs (10p) 6½ 7 (19/7)
Unicorn Inds 4½pcPf (£1) 45 (24/7)
West Wittering (£1) 188 (23/7)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Aran Energy New Ord 21
Kenmare Oil Exploration (Ir 25p) 6 (24/7)

(By permission of the Stock Exchange Council)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

AOG Minerals 3 (19/7)
Acorn Secs 22♦ 2 (19/7)
Adelaide Steamship 440 (21/7)
Advanced Micro Devices £20¾ (21/7)
Ahold £52.70 Fl 238 (23/7)
Air Prods. Chemicals £54¾ (21/7)
Albertsons' Inc £21½ (24/7)
Alliance Oil Devpmt 55♦ 50 1
American Home Prods U.S.362¾
American Hospital Supply £31⅞
Ampol 95
Ampol Exploration 130 (19/7)
Amsterdam-Rotterdam Bank £19.40♦ £19.40 (23/7)
Anglo Gold Mines 62 (24/7)
Anheuser-Busch £24½ (23/7)
Apex Oil (A$0.25) 10 (21/7)
APM 143♦ (21/7)
Apple Computer £11 62½
Ashton Mining 61 (23/7)
Atlantic Richfield DM 164♦ (24/7)
Atlas Inds 31½
Aust Foundation 81
Aust Guarantee 138
Aust Motor Inds 95 (23/7)
Aztec Explortn 18½
Base Resources 58 (23/7)
Basic Resources Int 34♦
Bass Strait Oil Gas 15½
BMW £104½ (21/7)
Bell Resources 350 (23/7)
Berjuntai Tin Dredging 97 (23/7)
BIC FFr1000 U.S.$99 57 (24/7)
Boral 178♦ 8 (21/7)
Brambles Inds 195
Brick, Pipe Inds 188 (23/7)
Brisa Int 4
Burns Philip 205
Camden Park Estate 56
Campbell Red Lake Mines U.S.$23½ (23/7)
Cape Range Oil 3½
Castlemain Tooheys 375
Central Norseman Gold 478 5 8 80
Central Victorian Gold Mines 4 (24/7)
Cerebos Pacific 80 (21/7)
Cheung Kong (Hldgs) 165½♦ 8
Coles (G. J.) 207 (21/7)
Cominco 625 (21/7)
Computervision £11⅛ (19/7)
Conex Aust 2½
Cons Petroleum Australia 14½ (21/7)
Cultus Pacific 5¼
Daimler-Benz (DM 50) £266½ (24/7)
Development Bank of Singapore 170♦
Diamond Shamrock £12⅛
Dresdner Bank £67¼
Du Pont (E.I.) de Nemours U.S.$60¾
Dunlop Olympic 133
East Coast Minerals 3
Eastern Asia Navigation 8½
Eastman Kodak £32¼ (19/7)
Emerson Electric £53
Far East Hotels. Entertainment 8½ (24/7)
Ferrovanadium Corp 12
Flinders Petroleum 13♦
General Dynamics £55⅛ (21/7)
Geometals (A$0.40) 22½ 3
Georgia-Pacific 500 (23/7)

[illegible]

T—U—Y

TI Gp 5.6pcLn 1989-94 £83½ (24/7). 7⅞pcLn 1985-90 £75 5½ (24/7). 9pc Ln 1989-94 £82½ (23/7)

New Tokyo Invest Tst Wts to sub 95 (22/7)
1928 Invest Tst 6¼pcDb 1998-2003 £59 (22/7)
Outwich Invest Tst 10pcPfd (£1) 120½‡ ½‡ (22/7)
Rights and Issues Invest Tst 47. 7¾pcPfd (£1) 70 (24/7)
River Plate Gen Invest Tst Wts to sub for Dfd 74 (22/7)

UNLISTED SECURITIES MARKET

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80, Holdenhurst Rd., Bournemouth 0345 717373

High Income				
Gilts & Fixed Int.	112.7	119.3xd		10.06
High Inc Equity	68.5	72.4xd	-0.4	6.84
Worldwide Bond	142.5	151.1	+0.5	6.40
Capital Growth				
American Growth	134.1	142.7xd	+0.1	2.21
Asian Pacific	47.0	50.1	+0.3	2.50
Assets & Emgs. Tt.	71.4	76.4	-0.1	2.93
Capital Reserve	58.2	58.5		
Commodity & Engy	68.2	73.3	+0.3	3.38
European Capital	46.8	49.8	-0.3	3.01
General	97.8	104.6xd	-0.2	3.82
Japan	135.8	143.8	+0.4	—
UK Growth Acc Units	95.6	102.8	-0.3	
UK Growth Dist.	67.2	72.3	-0.3	2.13
U.S. Emerging Co's	52.9	56.9	-1.0	0.46
Equitas Prog.	150.5	160.9	-0.3	3.78

Brown Shipley & Co. Ltd. (a)(g)
9-17 Perrymount Rd, Haywards Hth 0444 458144

B.S. Fund	45.8	49.0		4.47
B.S. Accum	74.2	79.6		4.47
Financial	95.1	102.3	-0.5	3.07
Growth Accum	143.7	154.7	-0.7	—
Growth Income	93.7	100.9	-0.5	2.01
High Income	46.7	50.5		7.54
Income	53.7	57.7	-0.5	6.63
North American	49.1	52.9xd	+0.2	1.28
Orient	43.6	47.0	-0.1	0.24
Recovery	25.4	27.4	-0.1	3.75
Technology	108.6	116.9	-0.1	0.81
Exempt	151.6	163.2	-0.6	3.48

Buckmaster Management Co. Ltd. (a) (c)
The Stock Exchange, EC2P 2JT. 01-588 2868

General Inc. July25	159.4	167.0		4.98
Accum Units July 25	247.7	259.5		4.98
Income July 24	71.7	75.3		6.35
Accum Units July 24	120.3	126.4		6.35
Intl July 23	99.7	104.1		2.86
(Accum Units) July 23	129.6	135.3		2.86
Smaller Co's July 26	808.1	865.3xd	-15.1	1.74
(Accum Units) July 26	847.7	907.7	-15.9	1.74

CS Fund Managers Limited
125 High Holborn, London WC1V 6PY. 01-242 1148

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. 0277 227300

G. & A.	84.1	89.3	-0.6	4.13

G.T. Unit Managers Ltd.
8th Floor, 8 Devonshire Sq. London, EC2M 4YJ. 01-283 2575. Dealing: 01-626 9431.

Capital (Inc)	68.1	72.9	-0.3	1.9
Capital (Acc)	95.1	101.8	-0.3	1.9
Income	54.6	58.8	-0.4	6.9
Liquid Reserve	134.2	101.3		4.1
Pension Exempt	121.6	126.3	-0.5	2.4
International	105.7	113.1	-0.7	0.6
U.S. & General	49.2	52.7	-0.3	1.3
Tech. & Growth	69.5	74.4	+0.2	0.8
Japan & General	119.6	127.3	+0.2	0.4
Far East and Gen.	66.8	71.5	-0.1	1.0
European	132.0	141.3	-1.1	0.6

Gartmore Fund Managers (a) (c) (g)
2 St Mary Axe, EC3A 8BP. 01-623 1212
Dealing only: 01-623 5766/5806

American Trust	79.1	84.6		0.34
Australian Trust	18.4	19.5	-0.2	0.21
British Tst. Dist	37.8	40.4	-0.3	2.99
Do. (Accum.)	42.1	45.0	-0.3	2.99
Commodity Share	61.3	65.5	+0.2	1.17

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, W.Sx. 0903 502541. Dealing 0444 459144

Balanced	136.7	146.1	-1.3	4.01
Do. (Accum.)	237.2	253.6	-2.2	4.01
Energy Int.	46.9	50.1	+0.1	2.78
Do. (Accum.)	50.4	53.9	+0.3	2.78
Extra Income	110.4	118.0	-1.6	7.01
Do. (Accum.)	191.0	204.2	-2.7	7.01
Income	194.5	208.0	-0.5	5.55
Do. (Accum.)	569.8	595.3	-1.0	5.55
Int. Technology	133.5	142.1	-0.1	0.70
Do. (Accum.)	138.4	148.0	-0.1	0.70
N. American & Gen.	85.4	91.3xd	+0.7	1.67
Do. (Accum.)	91.3	97.6	+0.6	1.67
Pacific Basin	81.5	87.1	-0.3	0.77
Do. (Accum.)	84.4	90.2	-0.3	0.77
Small Cos. & Recy.	135.1	144.4	-0.6	1.81
Do. (Accum.)	149.1	159.4	-0.7	1.81
Worldwide Gwth.	128.9	137.8	-0.3	1.56
Do. (Accum.)	179.8	192.2	-0.5	1.56

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St Mary Axe, EC3A 8BP. 01-920 0311

Equity Accum.	105.3	112.0xd	-0.5	2.14
Equity Dist.	75.8	80.7xd	-0.2	2.34
Gilt Trust Inc.	47.6	50.2xd		4.98
Gilt Trust Acc.	50.1	52.8xd		4.98

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)

Perpetual Unit Trust Mngmt. (a)

Prolific Unit Trusts

Providence Capital Fd. Mgrs. Ltd.

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)

Quilter Management Co. Ltd.

Reed Stenhouse Inv Services Ltd

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

N.M. Rothschild Asset Management

Rowan Unit Trust Mngt. (a)

Royal Life Fd. Mgmt. Ltd.

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgt. Ltd.

SKG Management Limited

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Life Investments

Scottish Mutual Investment Managers Ltd.

Scottish Provident Inv. Mgt. Ltd.

Scottish Unit Managers

Scottish Widows' Fund Management

Standard Life Trust Mgmt. Ltd.

Stewart Ivory Unit Trust Mgrs Ltd.(a)

Sun Alliance Fund Management Ltd.

Sun Life Trust Mngt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

TSB Unit Trusts (b) (c) (y)

3i & Target Fund Mgrs Ltd

Target Trust Mngrs. Ltd. (a)(g)

Temple Bar Unit Trust Mgrs Ltd

Touche, Remnant Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. (c) (y)

Tyndall Managers Ltd.(a)(b)(c)

Unit Trust Account & Mgmt. Ltd.

Vanguard Trust Managers Ltd.

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd (a) (c) (g)

WestAvon Unit Trust Managers Ltd(a)(c)

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd.

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd.

Aetna Life Insurance Co. Ltd.

Albany Life Assurance Co. Ltd.

Allied Dunbar Assurance PLC

Ambassador Life Ass. Co. Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd

Canada Life Group

Cannon Assurance Ltd.

Chieftain Assurance Funds

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd.

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd.

Criterion Assurance Group

Crown Financial Management Ltd.

Crusader Insurance PLC

Dominion Financial Management

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd.

Framlington Life Insurance Ltd.

Friends' Provident Life Office

G.T. Management Ltd.

General Accident Linked Life Assurance(z)

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. PLC

Gresham Unit Assurance Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd.

Irish Life Assurance Co. PLC.

The LAS Group

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General (U.A.)—Contd.

Legal & General Prop. Fd. Mgrs. Ltd.

Liberty Life Assurance Co Ltd

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London & Manchester Group

London Indemnity & Gnl. Ins. Co. Ltd

London Life

London Life

London A'dom & Nthn. Mtl. Assur. Ltd.

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Pensions Ltd.

National Mutual Life

National Mutual of Australasia

National Provident Institution

New Zealand Insurance PLC

Norwich Union Insurance Group

PBR Fund Management Ltd.

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capital Life Assc. Co. Ltd.

Provident Life Assoc of London Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co.

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance Ltd.

Royal Life (Unit Linked Pension) Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Equitable Life Assur. Soc.

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $11.54 | — | -0.17 | —

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $13.28 | — | ... | —
Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... $8.82 | — | -0.17 | —
Dynamic Gwth Fd ... $8.05 | — | -0.08 | —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.0	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.30	9.19	13.62	6mth
7-day Fnd	12.10	9.05	13.39	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.20	9.12	13.48	6-Mth
7-day Fund	12.18	9.10	13.42	6-Mth
Dollar	6.37	—	—	6-Mth
Money Mngt. Acct	11.75	8.78	13.14	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Cur Acc	11.75	8.30	12.40	Qr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.875	8.879	13.30	Qr
Mgt. Int. Chq.	11.75	8.78	13.30	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	11.40	8.52	12.65	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.50	8.625	12.90	Qr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.87	8.88	12.54	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.88	8.88	13.44	Mth
U.S. Dollar	7.00	7.00	7.23	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	—	10.00	14.83	Qr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	10.0	7.48	10.99	Qr
£2,500 +	12.50	9.34	13.82	Qr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	12.25	9.16	13.75	Qr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	12.00	8.97	13.59	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	11.40	8.52	12.65	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
High Int Cheque	11.50	8.50	—	Qr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	12.375	9.25	13.21	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
M.I.C.A.	11.75	8.78	15.07	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	11.37	8.50	12.70	Qr
Provincial Trust (formerly Choularton) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc	12.25	9.16	13.90	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.50	8.59	12.85	Qr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	11.50	8.60	12.83	Daily
Tyndall & Co 29-33 Princess Victoria St. Bristol. 0272 732241				
Demand Acc	11.81	8.89	12.61	Qr
Money Acc	11.87	8.87	12.67	Qr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	12.00	8.97	13.59	Mth
Over £10,000	12.25	9.15	13.88	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 24142				
High Int Chq Acc	12.19	9.11	13.46	Qr

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase.

OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	16
BAT	32
BOC Grp	25
BSR	16
BTR	52
Babcock	14
Barclays	48
Beecham	32
Blue Circle	45
Boots	15
Bowaters	20
Brit Aerospace	33
Brit. Telecom	11
Brown (J.)	3
Burton Ord	39
Cadburys	14
Comm Union	19
Courtaulds	12½
Debenhams	17½
Distillers	28
Dunlop	6
FNFC	8½
Gen Accident	45
Gen Electric	17
Glaxo	85
Grand Met	25
GUS 'A'	60
Guardian	60
GKN	17
Hanson Tst.	17½
Hawker Sidd.	38
Hse of Fraser	30
ICI	60
'Imps'	18
Jaguar	28
Ladbroke	24
Legal & Gen	50
Lex Service	28
Lloyds Bank	45
Lucas Inds	25
Marks & Spencer	11
Midland Bk.	30
NEI	8
Nat West Bk	60
P & O Dfd	36
Plessey	17
Polly Peck	26
Racal Elect.	18
RHM	11
Rank Org Ord	32
Reed Intnl	50
Sears	8
TI	20
Tesco	20
Thorn EMI	35
Trust Houses	13
Turner Newall	10
Unilever	85
Vickers	19
Property	
Brit Land	12
Cap Counties	18
Land Secs	25
MEPC	28
Peachey	22
Samuel Props	14
Oils	
Brist. Oil & Min.	4
Brit Petroleum	42
Burmah Oil	18
Charterhall	6
Premier	5
Shell	60
Tricentrol	18
Ultramar	19
Mines	
Charter Cons.	18
Cons Gold	44
Lonrho	14
Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	97¼	Treas 8¼pcCnv '85	99	+	8.78	12.15
101	99	Exch. 12¼pc 1985	100	+	12.23	11.23
101	99	Exch. 11¼pc '86	100½	+	11.71	11.07
99½	97	Treas. 10pcCnv 1986	99	+	10.07	10.94
95¾	92¼	Treas 3pc 1986	95½	+	3.15	9.04
100	97½	Exch. 10½pc Cv '86	99	+	10.53	10.82
101⅞	99¼	Treas 12pc 1986	101	+	11.88	10.70
98	94¼	Treas 8¾pc 1984-86‡‡	98	+	8.66	10.53
105	102	Exch. 14pc 1986	103	+	13.50	10.69
93	87	Exch. 2½pc 1986	93¼	+	2.68	7.98
104	101½	Exch. 13¼pc 1987	103½	+	12.82	10.68
99½	96⅝	Treas 10¼pcCv '87	99	+	10.31	10.64
91	85	Exch 2½pc 1987	91	+	2.73	8.33
99	96¼	Exch. 10½pc 1987	99	+	10.53	10.66
93	89	Funding 6½pc '85-87‡‡	93	+	6.92	10.41
98	95½	Treas. 10pc 1987	98	+	10.11	10.61
90½	84¼	Treas 3pc 1987	90¼	+	3.32	8.50
102	99¼	Treas. 12pc 1987	102	+	11.73	10.76

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
48	28	Malayan Hldgs 10p	35	......	—	—	—	—
328	202	Man. Ship Can. £1	303	......	5.5	3.5	2.6	15.9
104	71	Marley	71	−2	3.75	2.2	7.5	8.6
107	52	Marling Ind. 10p	87	......	†d3.0	◆	2.1	◆
74	36	Marshall L'xy. 'A'	61	......	2.4	4.9	5.6	4.4
77	61	Marshall's Universal	61	......	2.0	1.4	4.7	(19.0)
86	78	Do. 7½pcCnRedPf £1	82	......	7½%	—	13.1	—
22	22	Martin-Black	22¢	......	—	—	—	—
£97	£81	Mathesons 7½%	£95	......	Q7½%	2.3	8.5	—
35	26	Maxiprint 1p	29	−1	—	—	—	—
477	375	Metal Box £1	435	......	17.25	3.1	5.7	6.5
170	123	Metal Closures	123	−3	6.7	2.0	7.8	7.7
17	9	Metal Sciences 2½p	10	......	—	—	—	—
104	73	Midland Marts	83	......	4.0	◆	6.9	◆
*83½	64¼	Mitchell Cotts	64¼	−1¼	4.0	1.5	8.9	9.2
230	182	Morgan Crucible	194	+1	8.0	1.6	5.9	13.5
32½	22	Morris (W) F.A. 20p	27½	−1	g0.5	◆	2.6	◆
110	91	Moss (Robt.) 10p	95	......	3.0	2.5	4.5	10.5
81	68	Myson Grp 10p	72	......	g2.5	3.4	5.0	13.7
328	214	NMW Computers	240	−5	b4.8	2.7	2.9	18.4
43	28	Nash Inds.	30	......	‡2.5	1.5	‡	6.9
45	19	Neil & Spencer 10p	19	......	◆	—	—	5.7
44	14½	Newman Inds 10p	33	......	—	—	—	(15.6)

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
55	30	Anglo-Dominion	30	....	—	—	—
48	30	Anglo Utd. Dev.	33	......	—	—	—
350	117	Centennial Min'ls.	117	......	—	—	—
120	65	Colby Res Corp.	65	−7	—	—	—
550	325	Cons. Murch. 10c.	325xd	−95	†Q100c	1.4	12.1
40	24	Emex Int. Ir10p	24	......	—	—	—
215	117	Hampton Areas 10p	117	−1	3.75	◆	4.4
260	135	Highwood Res.	145	......	—	—	—
£22½	£17½	Homestake Mining $1	£18¾	+⅝	Q20c	—	7.7
310	199	McFinley Red Lake	230	+15	—	—	—
300	195	Musto Explorations	245	+15	—	—	—
55	23	New Sabina Res C$1	45	......	—	—	—
375	245	Northgate C$1	325	+35	—	—	—
685	535	RTZ	538	......	20.0	2.7	5.3
£145½	£116½	Do. 9½pcLn '95-2000	£116½	−1	Q9½%	14.0	13.2
£14¼	£10	Tara Exptn $1	£10¼	+¾	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ◆ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	96	......
Craig & Rose £1	700	......
Finlay Pkg. 5p	61	......
Higsons Brew	235	......
Holt (Jos) 25p	720	......
IoM Stm. £1	83	......
IRISH		
Fund 11¼% 1988	£101½	......
Nat. 9¾% 84/89	£97¾xd	......
Fin. 13% 97/02	£112	+1¼
Arnott	175	+2
CPI Hldgs	56	......
Carrol Inds.	139	......
Dublin Gas	70	......
Hall (R. & H.)	56	......
Heiton Hldgs.	19	......
Irish Ropes	48	......
Jacob (W.& R.)	80	......
Unidare	87	......

"Recent Issues" and "Rights" Page 12

FINANCIAL TIMES

Saturday July 27 1985

Midland free banking lures new accounts

BY MARGARET HUGHES

FREE BANKING for customers in credit has attracted more than 200,000 new accounts to the Midland Bank since it initiated the change last December — more than twice the number it had hoped for by the end of next year.

The bank also claimed yesterday that the switch provoked a substantial rise in its mortgage and personal lending business.

It refuted a claim by Mr John Quinton, deputy chairman of Barclays Bank, that free banking was costing the Midland £20m a year and stood by its December projection of £2m.

The £20m allegation was made by Mr Quinton in the latest issue of the Barclays house magazine. In it Barclays became the only one of the main clearing banks to reveal the number of accounts lost as a result of the Midland move. Mr Quinton said the figure was 30,000 and conceded that there could be even more. However, the accounts were "minor" ones, he said, implying that they carried small balances.

Barclays had no intention to introduce free banking, even if the loss reached 100,000 accounts, Mr Quinton added. It was a fair price to pay, given that it would cost Barclays £40m to follow suit, he estimated.

Barclays has proved the most obstructive when customers want to switch accounts to the Midland. It has stated that it will not respond to status inquiries about its customers from competitor banks. With NatWest, it is reported by customers to be the most tenacious in trying to keep customers. Closing an account with either can be a protracted affair.

Although Barclays says it has no plans to offer free banking, it is reviewing the service it offers to personal customers. Barclays has more than 5m personal accounts, as does NatWest. Lloyds has more than 4.4m and the Midland more than 4m.

Lloyds and NatWest will not disclose how many accounts they have lost to Midland, though both concede that most of those being lost go to the Midland. NatWest claims that those it has lost are the less attractive accounts with many transactions and low balances.

Like Barclays, Lloyds and NatWest *deny they have plans* to offer free banking, but pressure is on them to do so. Other banks which have lured customers from the big four clearers by offering free banking are the Co-op, National Giro, TSB and Yorkshire Bank, as well as the Bank of Scotland and Royal Bank of Scotland with Williams and Glyn's.

Barclays took the lead among the main clearers in improving its services to retail customers in 1982, when it re-opened its branches on Saturdays. This is now being followed, rather belatedly, by the other three.

Although there has been much *speculation about the high cost* of the Barclays move to Saturday opening, it puts the cost at £5m to £6m. It estimates that it has gained 100,000 new accounts as a result, but acknowledges that an accurate assessment of the figure is impossible.

THE LEX COLUMN

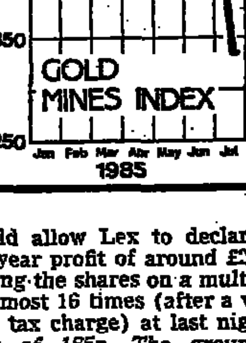
A pain-reliever from the Bank

Hemmed in by tight money and a *rising pound, London* equities have been starting to look a little desperate; ICI's second quarter figures, which showed sterling strength in its most worrying light, were just the sort of evidence that bear-market talk is made of. Indeed, the accumulation of worthy but disappointing company figures —a bit stretched by interest charges, deflated by adverse translation effects and squeezed by the terms of trade — does justify a cautious approach to the forecasting of this year's profits.

But the market and the authorities now have to *worry about* the selling of Britoil shares as well as about the earnings of ICI. Perhaps both factors weighed in the Bank of England's sudden cut in its bill *rates; in practical terms,* that turned the equity market round when the 30-share index appeared likely to close below 900 for the first time since last November. It may be a bit *hasty to see a full-blown relaxation* of interest rates in one signal to the money markets, but the prospects for the next equity account have certainly been made a good deal brighter. *Even the reduction in Britoil's* profit forecast seems that much less likely to undermine next week's pricing of the offer.

In any event, the fall in equity prices has conspired with sustained high yields in gilt-edged to make people wonder if the more solid equities are not starting to look cheap on yield grounds — lower profit growth included. The last time BP was trading at such a large yield premium was when its dividend was under a cloud in 1982, which now seems like another financial era.

Index rose 13.1 to 924.1



Lex Service

Formally or informally, Lex Service has been warning the market to expect poor interim figures for months so when the group produced pre-tax profits down from £26.9m to £7.9m yesterday the share price did not flinch. The problems have almost all arisen in electronic components distribution and, while Lex has now reduced its cost base and stock load, it is sensibly declining to make any forecast for the second half.

The U.S. losses were anticipated but a more ominous sign for companies yet to report on the half year to June was the speed of the deterioration in UK components distribution. Profits from other activities should allow Lex to declare a full year profit of around £20m, leaving the shares on a multiple of almost 16 times (after a very high tax charge) at last night's price of 185p. The group is planning to maintain the final dividend: it will be intriguing to see if the same goes for directors' remuneration which, for a company of this size, has traditionally been on the high side.

South Africa

Old South Africa hands claim *they have seen it all before. The* panic selling of South African gold shares this week after the state of emergency was declared and France announced its sanctions, took the FT Gold Mines Index to its lowest level since 1982, a loss of 18 per cent in five days. But the cynics are convinced that as soon as the political atmosphere calms down, the foreign buyers will be back.

They may, however, be disappointed. This time, the decline looks more secular than cyclical. If people were selling purely *because of the political* unrest in South Africa, the same factor should have made the gold price rise. For if strikes or sabotage are bad news for the mines themselves, the consequent *supply shortages would* push up the price of gold—which has stayed stubbornly unmoved.

It is far more likely that investors are worried about disinvestment. Either they fear that others, particularly Americans, will be forced to pull out, dragging prices down in the process. Or they feel strong enough political pressure to disinvest themselves. And disinvestment is a long-term worry for the market when it is written into the funds' trust deeds.

All this has affected gold shares far more than industrials because of their heavy foreign ownership. Those American gold funds which bought so enthusiastically in 1982 are in a fine bind. Their holdings are so large in what is a fairly illiquid market that any substantial selling would mark prices down heavily. When they bought in during 1982, the index quintupled in eight months. There is no reason why the same illiquidity should not cause the same speed of price movement on the way down.

Given this worry, they may prefer to ride it out, if they have the choice. But if their invesors start asking to redeem units, the selling will be forced on them. And it is unlikely that domestic buyers will step in to pick up the pieces until prices are a good deal lower than they are now. Today's prospective yields of 8 to 9 per cent are nowhere near the 20 per cent yields seen during the Soweto riots, and are still less than the 15-year average of 12 per cent. At today's interest rates, share prices would have to halve for South African investors to earn as much as they can by keeping their money in the bank.

Guinness/Bell

The plot of yesterday's episode of stout 'n' scotch had been expected to revolve around an increased and underwritten offer for the stout people. When, for one reason or another, the star turn failed to appear at 9.30 the producers were at a loss to know how to keep everyone entertained for the day. Stout put out an early statement extending its offer and giving acceptance figures but it was scarcely audience-grabbing stuff. Then, as luck would have it, scotch released a statement clarifying two earlier statements made in a defence document. This allowed stout to *produce* a statement saying the other side's statement showed how unreliable and confused it was, enabling scotch to publish a further statement criticising the inaccuracy of the second stout statement. So the day had not passed without the merchant banks justifying their fees after all.

Chinese to lift interest rates soon

By Robert Thomson in Peking

BANK INTEREST rates in China are to be raised in an attempt to restrain excessive growth and prevent economic destabilisation threatened by China's rapidly expanding trade ties with the West.

On Wednesday, China announced a first-half trade deficit of $3.16bn (£2.26bn) with foreign exchange reserves continuing to fall, confirming the leadership's fears that the economy is overheated.

The move by the People's Bank of China follows recent Chinese Government moves to crack down on indiscriminate lending to state and collective enterprises.

A feature of the bank's decision is that for the first time interest rates on loans will be higher than interest rates on deposits.

The rises, effective from Thursday will affect fixed savings deposits and loans for fixed-asset investment by state and collectively run enterprises.

The annual interest rate on six-month savings deposits will rise to 6.12 per cent from 5.40 per cent. One-year savings deposits *will attract 7.20 per cent* from 6.84 per cent. The rate for three-year deposits will go up to 8.28 per cent from 7.92 per cent.

The rate on loans with a maximum term of one-year will rise to 7.92 per cent from 5.04 per cent, while for one-to-three year loans the rate will increase to 8.64 per cent from 5.76 per cent, and for three-to-five year loans to 9.36 per cent from 6.48 per cent.

Chen Muhua, the bank president, recently ruled that loans to rural industries would be cut because they had developed too quickly. She said they should rely more on their accumulated funds for development.

In his March economic report, Zhao Ziyang, the Chinese Premier, said excessive issuing of currency was hindering the modernisation drive. He blamed the problem on "lack of control over funds issued for credit, wages and bonuses."

The People's Bank has had an increasingly important role in regulating the money flow as central government has distanced itself from local decision-making.

Since Mrs Chen moved into the president's position in March, she has attempted to encourage increased saving to increase the pool of funds available to prospective borrowers.

Daily Mail speeds docks move to counter threat from Shah

BY SUE CAMERON

ASSOCIATED NEWSPAPERS, publishers of the Daily Mail and the Mail on Sunday, is to go ahead with building a £100m printing complex in Surrey Docks, London, four years ahead of schedule. The move is an attempt to meet the threat of increased competition from Mr Eddie Shah, who is due to launch a national newspaper next spring, and from other Fleet Street newspapers which are planning to improve their technology.

Associated had intended to move its printing from Fleet Street to Surrey Docks by 1992. But yesterday staff on both its newspapers were told that Lord Rothermere, chairman of Associated, had given orders for the group to "move into new technology with all urgency."

Associated plans to start distributing *some* of its newspapers from Surrey Docks by mid-1987 with all printing being moved there by spring 1988.

The notice sent to staff says that since the end of last year "*market conditions* have changed dramatically with the activities of Mr Shah and the announcement that the Mirror Group will be moving into full colour printing within the next two years." It adds that the publishers of the Daily and Sunday Telegraph also intend to have full colour by 1987.

Associated wants to reduce the number of production staff when printing is moved. It said last night that it was planning to invest about £10m "up front" on new machinery in the immediate future. The new timetable meant equipment would have to be ordered before talks with the unions on manning levels could be concluded. But Associated stressed that it would be prepared to abort the project and write off its £10m investment if union "intransigence" made the scheme economically unviable.

The group, which has a staff of about 3,000, said it would not know what staff reductions it would be seeking until it had taken a final decision on which machines to order. Discussions with print unions had started and a response was "anticipated soon."

It said its new presses, which would enable both newspapers to use full colour for both advertising and editorial, would be "better and faster" than those in its existing "cramped and inefficient buildings," where the machine room was already operating at capacity.

The Mail on Sunday is already produced by photocomposition. Associated's new timetable will mean that the Daily Mail will also be photocomposed by the autumn of next year. Associated will still have a composing room staffed by printers. In the short term, it has no plans to introduce single stroking, the direct input of stories to the computer by journalists. But last night it was pointed out in Fleet Street that any computer type-setting system can be adapted for *single stroking.*

Associated's announcement underlines the impact that Mr Shah, the *Warrington based* free newspaper entrepreneur, is having on Fleet Street. He plans to use the latest technology to launch a 1.5m copies-a-day, full colour national paper next spring that will be produced with a staff of only about 800. Initially, senior managers in Fleet Street were sceptical about his plans. But over the last few months, there has been a rush to improve the traditional and outmoded technology of most national papers.

Mr Robert Maxwell, publisher of Mirror Group Newspapers, has announced plans to introduce new colour machines and the publishers of the Daily and Sunday Telegraph have raised £30m of new share capital as a precursor to borrowing a further £60m to pay for a modern plant in London's docklands.

Mr Shah, who earlier this week announced a single-union, no-strike outline agreement with the electricians union, the EETPU, is undismayed. Last month he said Fleet Street had got itself "into a hole" and admitted that he would not know "how to get out of it" if he were a traditional proprietor. He described the Telegraph's £100m-plus plans as "insane."

Chloride rebels gain brief victory

By Charles Batchelor

DISSIDENT shareholders in Chloride, the hard-pressed *British battery maker, won a* symbolic but very short-lived victory when their leader, Dr Maurice Gillibrand, was voted on to the board by a show of hands at yesterday's annual meeting in London. But the result was immediately overturned after a count of proxies and shares represented by the show of hands.

Dr Gillibrand, a former director of research at Chloride and a long-time critic of the company's performance, won the show of hands vote by 34 votes to 33. The second count revealed just 3.6m shares or 5 per cent in favour of his appointment and 69.8m against.

Shareholder dissatisfaction spilled over into a vote on amendments to the company's articles of association. One of the changes would have allowed a director to be removed if he was requested to go in writing by all his co-directors.

Sir Michael Edwardes, Chloride's chairman, said it was normal practice for co-directors to have this power and the amendment was not aimed at Dr Gillibrand.

The Chloride board nevertheless *failed on the show of hands* vote to get the 75 per cent majority needed to approve the amendments because of shareholder fears that the change could be used to remove dissi*dents such as Dr Gillibrand.* The amendments went through, however, when a count of proxy votes showed 68.3m shares or 98.9 per cent in favour of the change.

This was *Dr Gillibrand's* second attempt to gain a board seat. He said he would probably try again next year. Dr Gillibrand left Chloride in 1971 after a disagreement with Sir Michael over the introduction of psychological assessments of staff.

Pre-tax profits were little changed at £14.2m in the year ended March on turnover of £402m following large warranty claims from the U.S. on Chloride's new Torquestarter battery. The company had been recovering steadily from a £13.5m loss in 1981.

It has paid no ordinary dividend since 1981 and has also fallen behind on its preference dividend.

Appointments, Page 13

Pension fund surplus warning

BY ERIC SHORT

THE GOVERNMENT yesterday warned that it would seek to curb any trend towards asset-stripping of company pension schemes.

Companies whose pension schemes were in a strong financial position would be expected to use surpluses to improve benefits and reduce employee and employer contributions before considering clawing back any of the assets to use in their business, Mr John Moore, Financial Secretary to the Treasury, said in a Commons written answer.

The scope for pension fund clawbacks has been brought into *focus by the attempt by* Gomme Holdings, the G-Plan Furniture manufacturer which is now emerging from a difficult trading period, to reclaim £2.9m of the £4.1m surplus currently in its pension scheme. *Its* attempts so far have been blocked by the Superannuation Funds Office (SFO) of the Inland Revenue, which is responsible for granting and monitoring tax approval of pension schemes.

Many companies' schemes are *showing healthy surpluses* thanks to high investment returns, lower increases in employees' earnings and falling scheme membership arising from redundancies. The publicity over Gomme brought a number of other inquiries to the SFO about the possibility of refunds.

The SFO expects schemes to reduce surpluses since their continuation means that the schemes are claiming more tax benefit than is warranted by their liability position.

The obvious way to do this *would be to refund assets to* the company.

Instead, Mr Moore said, schemes would be expected to improve benefits, though this is no longer insisted upon by the SFO, and reduce contributions to the extent of a complete contribution holiday for as long as five years.

Only if the surplus were then still not at an acceptable level would the SFO consider a refund — and such a refund would not be automatic.

Each case would be treated on its merits, and the SFO might consider an even longer contribution holiday appropriate.

Mr Moore did not spell out what circumstances would govern such a decision.

He also warned against attempts by companies to avoid the SFO's procedure by winding *up existing schemes and* replacing by replicate schemes.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exch. 11pc 1990	£100⅞	+ 1⁄16
Treas. 10pc 1992	£95½	+ ½
AE	115	+ 5
BTR	320	+ 17
Berisford (S. & W.)	167	+ 7
Brit. Aerospace†	143	+ 20
Brit Telecom	134	+ 5
CASE	134	+ 19
Driefontein	£13½	+ ½
Harris Queensway	250	+ 16
ICI	668	+ 5
LRC Intl.	121	+ 9
Land Securities	286	+ 10
MEPC	274	+ 13
Midland Bank	390	+ 12
NatWest Bank	695	+ 17
Plessey	144	+ 6
TI	335	+ 5
Vickers	243	+ 6
Watmoughs	163	+ 12
Woolworth	446	+ 13
FALLS		
Avana	605	− 15
Christies Intl.	213	− 27
Elbief	29½	− 13
OK Bazaars	425	− 75
RTD	15	− 3
Rustenburg Plat	540	− 10
SASOL	220	− 13
Tate & Lyle	443	− 10

† Partly paid

WORLDWIDE WEATHER

UK today: Cloud, rain in South. Rain, some of it thundery, and bright intervals elsewhere. Outlook: Rain.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	Corfu	S	32	90	Madeira	F	23	73	Peking	C	29	84
Algiers	S	31	88	Belfast	F	25	77	Madrid	S	30	86	Perth	C	16	61
Amsdm.	R	21	70	Dublin	S	19	66	Majorca	S	34	93	Prague	S	25	77
Athens	S	32	90	Dbrvnk.	S	29	84	Malaga	S	28	82	Reykjvk.	F	15	59
Bahrain	S	36	97	Edinbgh.	T	13	55	Malta	S	31	88	Rhodes	S	31	88
Barcina.	S	28	82	Faro	S	27	81	M'chstr.	C	20	68	Rio J'o		—	—
Beirut	S	29	84	Florence	S	35	95	Melbne.	S	11	52	Rome	S	29	84
Belfast	C	17	63	Frankft.	F	26	79	Mx C.		—	—	Salzbrg	S	31	88
Belgrd.	S	30	86	Geneva	S	30	86	Miami†	S	27	81	S Frisco†	C	16	61
Berlin	S	23	73	Gibraltar	S	27	81	Milan	S	31	88	Singapr.	T	28	82
Biarritz	C	20	68	Glasgow	C	15	59	Montrl.†	C	23	73	S'ngo		—	—
Bmghm.	C	18	64	G'rnsey	R	16	61	Moscow	R	17	63	Stckhm.	F	21	70
Blackpl.	C	19	66	Helsinki	C	18	64	Munich	S	30	86	Strasbg.	S	31	88
Bombay	R	29	84	H. Kong	C	27	81	Nairobi	C	22	72	Sydney	F	16	61
Bordx.	F	25	77	Innsbrk	S	29	84	Naples	S	31	88	Tangier	F	24	75
Bougn.	T	18	64	Invrnss.	F	20	68	Nassau		—	—	Tel Aviv	S	30	86
Bristol	R	19	66	Le Man	C	17	63	Nwcstl.	C	16	61	Tokyo	F	33	91
Brussels	F	25	77	Istanbul	S	28	82	N Delhi	R	27	81	Toronto†	R	29	84
Budpst.	F	23	73	Jersey	C	16	61	N York†	C	24	75	Tunis	S	34	93
Cairo	S	34	93	L. Plms.	S	24	75	Nice	S	27	81	Valencia	S	31	88
Cardiff	C	15	59	Lisbon	F	23	73	Nicosia	S	33	91	Venice	S	30	86
Chicg.†	S	18	64	Locarno	S	28	82	Oporto	S	21	70	Vienna	S	27	81
Cologne	F	22	72	London	T	16	61	Oslo	S	22	72	Warsaw	C	22	72
Cpnhgn.	S	22	72	L. Ang.†	C	18	65	Paris	C	24	75	Zurich	S	31	88
				Luxmbg.	S	27	81								

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures.

Continued from Page 1

MP calls for resignation

had been given against Mr Sipra in a New York district court last year. The judge had referred to the "old fashioned piracy and extraordinary greed" of Mr Sipra and an associate.

"How comes it that a British bank supervised by the Bank of England could be lending money to a man who was acting with a callous indifference to the law in relation to fraud?" Mr Sedgemore said that when Mr Ian Fraser, a JMB director, was "put on warning" about Mr Sipra in 1982, Mr Fraser had said that Mr Sipra "would deliver."

Since the collapse of JMB, *seven of Mr Sipra's companies* —Nitemez, Monostick, Eurostem Maritime, Bulk Ferts, Transgulf Lines, Khyber Horse Co and Brooke Oil—had been wound up or had receivers put in by the Bank.

Mr Sedgemore said Mr Fraser was "clearly in breach of his fiduciary duty in common law. I understand that he is a rich *man. He should be sued for negligence.*"

He said Mr Fraser had either turned a blind eye to fraud or had been a party to fraud.

"I believe that he should be subjected to the most rigorous examination and it may be that we will have to set up a special examination into this case in order to be guaranteed immunity." This was because of "*serious evidential problems*" as a result of which there was a chance that no one would be brought before a court.

He blamed the Governor of the Bank of England for the situation, because that people involved had been given nine months to "get their alibis sorted out."

Mr Dennis Skinner (Lab, *Bolsover) asked how it was that* Mr Abdul Shamji, of the Gomba group of companies—who, he said, was a friend of the Prime Minister — had turned up in Strood, Kent, to buy a derelict factory in what was later declared an enterprise zone.

Terry Povey writes: Mr Michael Hepker yesterday denied allegations that friends *of his had threatened a witness* in the JMB affair. On the remarks in parliament he said: "For Mr Sedgemore to abuse his position by standing up in the House of Commons and making totally unfounded and scandalous allegations is a serious matter of public concern."

Also replying to remarks *made in the House yesterday,* Gomba Holdings—which is owned by Mr Abdul Shamji—said that "it was sad that parliamentary privilege was

Continued from Page 1

Bank

maintain a firm pound to reduce import costs and help to cut the inflation rate.

If, as expected, the dollar continues to weaken, this will allow them more room to reduce interest rates and perhaps engineer a somewhat lower exchange rate against the West German currency.

The rather better outlook for UK interest rates follows both the building society cuts and persistent pressure from the Confederation of British Industry for lower interest rates, which its members hope would lead to a fall in sterling.

Last night, clearing banks seemed likely to follow the authorities' lead, but there was adverse comment in the City about the timing of their move.

Mr Stephen Lewis, monetary analyst for Phillips and Drew, the broking firm, said it was becoming clear that the authorities were set on a course of steady reduction of interest rates. The authorities, however, seemed set to hold UK rates high, by international standards, for some time to come.

On the home loan front, the National and Provincial said rates for existing borrowers were "likely" to be adjusted in September. The Britannia is likely to adjust these rates "*within the next few months.*" The small Skipton society has announced a reduction in mortgage rate for new borrowers from September 1 and is likely to cut the rate for existing borrowers soon after that. Its basic rate will be the lowest of all, at 13 per cent. Unlike the others, though, it is maintaining its differential structure for

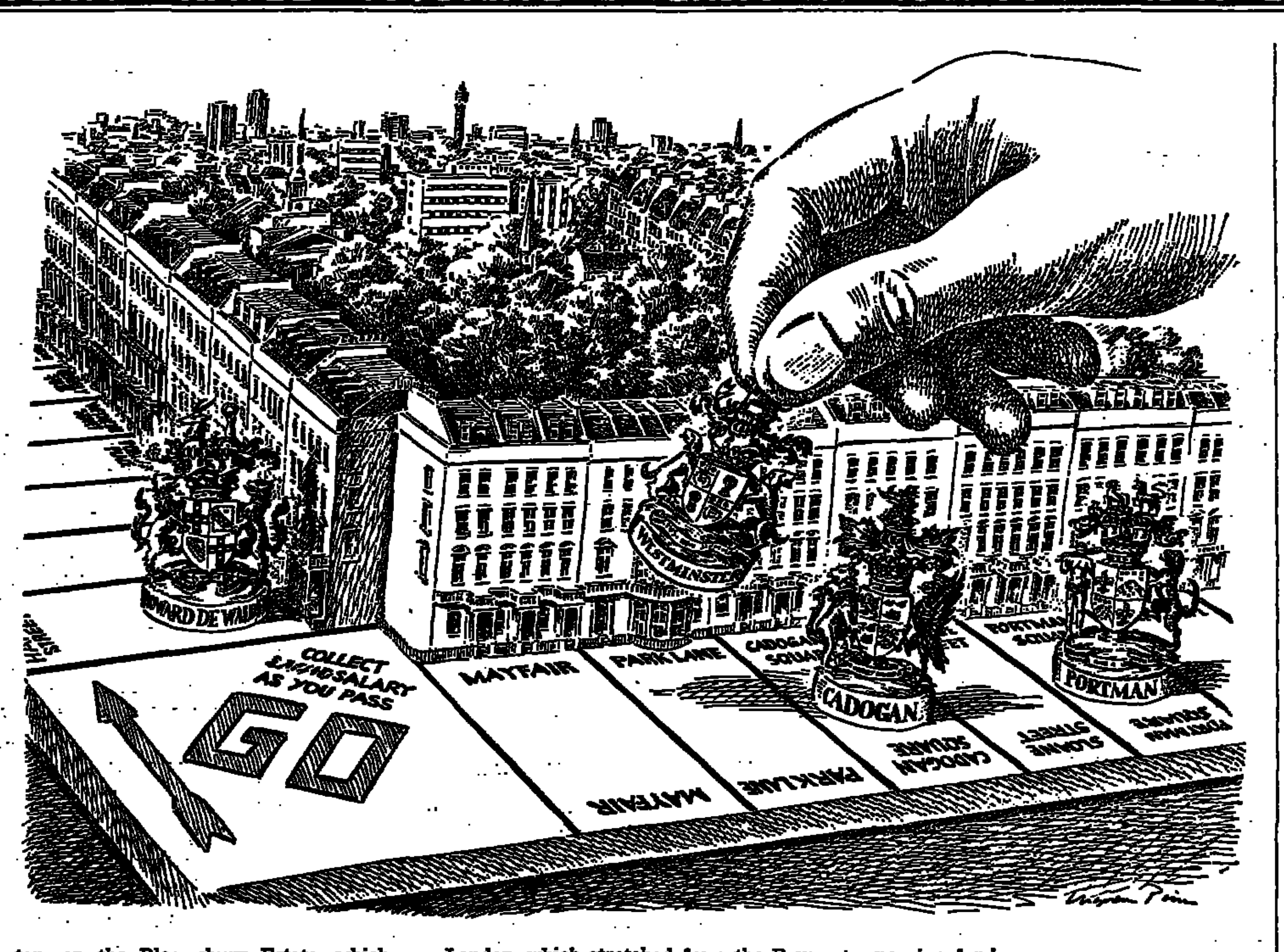
WEEKEND FT

Saturday July 27 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

London belongs to them

Labour governments, rent acts, estate duty and capital transfer tax have failed to diminish the power of London's leading landlords. Godfrey Hodgson reports



IN THE spring of 1984 three chunks of London property, each crammed with enough social and literary history to make an antiquarian's mouth water, were privately sold to an offshore company which almost immediately resold them to Stockley, the property developer.

One consisted of a modern office building and some handsome eighteenth century houses in Sackville Street. A second included part of Brewer Street and Great Windmill Street, in Soho: and the third contained the Guards and Cavalry Club in Piccadilly. The sale fetched just under £20m and the seller was one of the least-known of the great London "*ground landlords*": *the Sutton Estate.*

What was remarkable about it was neither the price nor the reason for the sale. The properties involved had simply reached the point in their life where "they needed very active management." The interesting factor was precisely how unusual such sales have become.

Thirty years ago it was customary to exclaim over the apparent anachronism that so much of central London still belonged to a handful of great aristocratic estates. Few would have given much for their chances of surviving. Today, some estates have shrunk. A few have even disappeared altogether. But the system still survives. London still belongs to them.

Shortly after World War II, the Howard de Walden Estate sold the prime frontage on the north side of Oxford Street, west of Oxford Circus, to Land Securities. This was the jewel of one of the most fabulous inheritances in the world, the legacy handed down by the great early eighteenth century collector, Edward Harley, and his extravagant wife, heiress of the Duke of Newcastle, to the Dukes of Portland and ultimately to the Howard de Walden family.

In the 1950s came the sale of two-thirds of the neighbouring property to the west, the Portman Estate. The seventh Viscount Portman died in 1948 leaving an estate valued at £10m and subject to estate duty of £7.6m. Originally the Portman family had owned everything from Baker Street to Edgware Road, and from Oxford Street north almost to Lord's.

To pay the duty the family had to sell thousands of acres of land in Dorset and Buckinghamshire. That was not enough: in 1951 the northern part of the London estate, round Dorset Square, had to go; then, the next year, the area around Crawford Street.

For most of London's ground landlords, it must have looked like a depressing presage of the fate in store for them all. It could be only a matter of time, it must have seemed then, before all London's great estates were sold off and broken up.

It has not happened. More than thirty years later, in spite of Labour governments, rent acts, estate duty and capital transfer tax, leasehold enfranchisement and town and country planning acts, the geography of central London, west of the City, is still recognisably the same.

There have been changes. Estates have been split up, sold to new owners, in some cases broken up altogether. Other estates, still in the original hands, have been honeycombed by sales to sitting tenants. This has happened to many houses in the western half of Lord Chelsea's Cadogan Estate, though the Cadogan Square end of the property is almost intact. But essentially the system has not changed.

London is alone among the world's great cities in that its streets and squares commemorate not culture or history but property: not great politicians or writers, or historical events or abstractions—Washington Square or the Place de la Concorde—but the names of courtier-speculators like Jermyn or Sloane, landowners like Cavendish and Grosvenor, their country estates like Euston or Wimpole, even builders like Cubitt.

This development pattern dates from the years immediately after the Restoration. Country gentlemen who wished to spend part of the year in town, and newly wealthy City folk, wanted houses that were "neither mansions nor hovels."

The demand was met by professional speculators like Nicholas Barbon (son of the Puritan Praise-God Barebones) and by aristocratic developers like the Earl of Southampton, who developed Bloomsbury and is commemorated by Southampton Row, and the courtier, Henry Jermyn, first earl of St Alban's, after whom Jermyn Street is named.

It seems to have been Lord Southampton, on the Bloomsbury Estate, which later passed by marriage to the earls of Bedford, who invented the crucial device as early as 1661.

This was the "building lease." The landlord let the land for a low "ground rent" on the understanding that the tenant would build good houses which would revert to him or his heirs after a specified term—often 99 years.

On this basis, the development of fashionable London was pushed north and west in great waves. The movement lasted about 150 years, from the building of Mayfair and Marylebone in the early years of the eighteenth century to the Victorian speculations of Colonel Sir Robert Gunter in Earl's Court: Edith *Grove is named after his younger sister.*

At its height, around 1850, virtually all "respectable" London from Hampstead to the river was parcelled out between some three dozen estates. Hampstead and St John's Wood belonged to the Eyre and Maryon Wilson families, to Eton College, and to the Dean of Westminster. South of the Park and beyond Belgravia, developed by Cubitt forthe Duke of Westminster were the Lowndes, Cadogan, Harrington, Alexander, Gunter and Holland estates and — most picturesque of all —Smith's Charity at South Kensington, founded by the will of Alderman Henry Smith in 1627 for the "relief and ransome of those enslaved by Turkish pirates."

In the east, the estates were smaller and poorer, like the Lloyd-Baker, Penton, Northampton and New River Company estates in Islington. Fittingly, at the apex of this pyramid of the nobility, gentry, and commoners there stood the grandest estates of all: the Crown Estate around Regent's Park, and the separate lands of the Established Church, including the princely Paddington estate of the Bishop of London, which stretched from the Bayswater Road almost as far as Kilburn.

Many of the estates disappeared long before the coming of estate duty. It would be wrong, too, to suggest that the pattern of land ownership in central London has remained unchanged since the great Howard de Walden and Portman sales of the 1950s. Leasehold enfranchisement has completed the break-up of most of the peripheral estates. But if it was intended to destroy the estate system in central London, it did not succeed.

The act was amended to limit its application to houses under a certain rateable value: few on the central estates qualified for enfranchisement. *From Soho east and north to Paddington*, and from Mayfair through Belgravia to Chelsea, the prime commercial and residential areas of central London remain a monopoly board.

Sometimes—either after an unlucky throw of the dice, or in the hope of profit—a player sells a suit of cards, and another player buys. But the game is recognisably the same.

The Ellerman estate is an example. Legend has it that part of the property, including much of the rag trade area north of Oxford Street and east of Portland Place, passed from the Howard de Walden family to the Ellerman of the day, the Hull shipowner, in settlement of a gambling debt. More probably the £4m sale was an early example of diversification.

About 15 years ago the property was sold again by the Ellerman trustees. Some was bought by Great Portland Estates, owned by the Samuel family (of Land Securities, not the Shell Samuels). Some went to the property developer Felix Fenston, was then sold by his executors to John Ritblat of British Land, and eventually found its way into the portfolio of the Water Authority pension fund.

An even clearer example of how, even when private estates are sold, the pattern of the traditional London estate has been maintained, is the story of the Berkeley Square estate, which runs up from Piccadilly, takes in Berkeley Square and marches with the Grosvenor estate to the north.

It was first developed by that eighteenth century Lord Berkeley who tried to marry his son to the Mary Davies who founded the fortunes of the Grosvenor family in London by bringing to them her inheritance of the manor of Ebury. The Berkeleys sold it in 1913 to the family of Marcus Samuel, who founded Shell. In the 1950s the Samuel *family sold a half interest to the* developer, Jack Cotton, and then in 1966 the whole estate was sold to the BP Pension Trust for £6m.

Pension funds are natural candidates to acquire such intact London estates as do come to the market because, being tax exempt, they can accumulate funds for maintenance and improvement more easily than owners who have to set aside reserves from their income for tax.

One reason why the great family estates have survived, though, is that some of them have learned to manage their London property in a more commercial way.

The pioneer and example is the Grosvenor Estate. Over the years the proportion of the Grosvenor family's property in London has diminished as its investments in North America, Australia and in commercial property elsewhere in Britain have matured. After Vancouver, the estate invested in Hawaii, California and elsewhere in the U.S. But the absolute value of the London *holdings* has appreciated enormously: competent estimates run as high as £500m.

The estate made public a detailed strategy in 1971, which has been updated from time to time. It is actively engaged in eliminating the tangle of intermediate tenancies that can deprive a ground landlord of much of the value of his property. It tries to lease directly to the occupier wherever possible, and other commercially-minded estates, including Portman and Cadogan are doing the same.

In the past, many estates allowed property developers to make large profits in the development of their estates. The Grosvenor Estate has pioneered development work through its own development company, Wheatsheaf. Other estates—notably Howard de Walden, Cadogan and Bedford—are now *imitating* the Grosvenor management style. But the survival of the estates does not only depend on management or development. The great landlords and their advisers have learned to live with modern taxation.

In the 1950s, most of the great hereditary properties were "settled estates" under the 1925 Law of Property, which allowed land to be held so that the tenant for life enjoyed all the powers of an owner. In the days of the old estate duty, that tended to have the effect of avoiding a heavy imposition of duty every other generation, while still leaving the threat of massive taxation hanging over it.

While the beneficiary of a settled estate has an absolute right to the income, when he dies the trust fund under the settlement is simply agglomerated with any free estate he may have, and the whole fund attracts CTT at the maximum level.

The next thing some estates tried was the gift *inter vivos*, which during the era of estate duty could transfer capital assets intact—provided the donor lived for a period that was progressively extended to seven years.

When Capital Transfer Tax (CTT) was introduced in 1974, it was thought to be unavoidable on any transfers of more than the exempt amount, which is now £67,000. But the great landlords and their advisers have learned to live with that, too.

Understandably, most landlords and their advisers are reluctant to go into details, but the basic device that has enabled them to face the future without fear of fiscal disaster remains the discretionary trust.

Under this type of trust the heir may be named as one of a large class of beneficiaries and the trustees can give as much or as little as they see fit to him or her an any one year. Since there is no "vesting in possession" of a new owner, there is never an occasion when capital transfer tax is payable on the whole fund.

However, Parliament decreed that a 30 per cent tax should be payable on such trust funds every ten years. (The law was changed two years ago so that, instead of CTT being payable on all transfers with only one lifetime exemption, you can give up to that amount every ten years.)

That is not negligible. Nor is it punitive. It works out at about 9 per cent per annum. In a period when the value of land in London has increased very much faster than inflation, that has been bearable.

Unless a new government introduces changes in the taxation of capital or capital transfer, it would seem that the solicitor I spoke to was right: "The property owners and their advisers have drawn the sting from CTT."

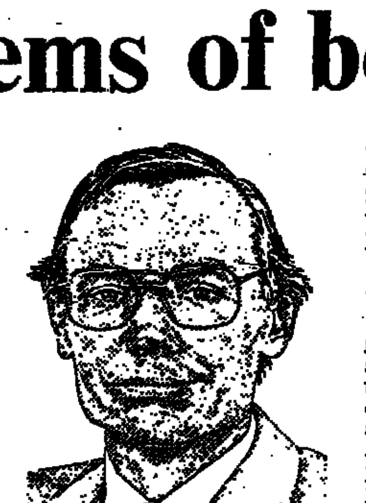
Whether you think that is a good thing or not, it means that well into the 21st century the West End will still be a monopoly board, with much of its choicest property in the hands of fewer than a dozen great estates.

London will still belong to them.

The Long View

The problems of being a pro

Accountants, stockbrokers and other financial professionals are turning themselves into profit centres. Barry Riley suggests that there is a backlash among those who value the old relationships



NOBODY IS being put under more pressure by the financial services revolution than the financial professional. The conflict between commercialism and professionalism, restrained for so long behind a web of restrictive practices, is coming right out into the open.

What is a profession? The definition is not written in stone, but in its clearest form it involves the provisions of a skilled specialist service for a fee, within the framework of a code of ethics imposed by a professional institute or association.

More loosely, the definition can cover a wide range of employees as well as independent practitioners, though always with the proviso that pride in the quality of service and the acceptance of personal responsibility will come before mere money-grabbing (which is not to deny that professionals, on the whole, live rather well).

The ideal is that a professional commands instant public respect, though from time to time public opinion polls indicate a wide variety in status. Usually doctors and vets come at the top of the list in terms of public esteem, while a rabble of bookmakers and journalists prop up the bottom.

Traditionally the professions have coped with their commercial conflicts by developing cosy little monopolies — the conveyancing monopoly, the audit franchise, restrictions on Stock Exchange membership and so on. Behind their barriers, the practitioners can live in moderate prosperity without the need for anything remotely resembling tooth-and-claw competitiveness.

These comfortable structures are very often in the process of being broken down. This is partly because in an increasingly service-dominated economy the professions are becoming central rather than peripheral, and are accordingly attracting political attention that is leading to regulatory shifts.

Some of the professions are now sucking in large amounts of raw talent. In 10 years the membership of the English Institute of Chartered Accountants, for instance, has risen by more than a third to over 80,000; and something like one in eight of all male graduates in the UK train as accountants.

All this growth and activity have encouraged the Office of Fair Trading to turn its attention to restrictive practices among the professions. The prohibition of advertising and promotion as "unprofessional" has been a common ploy; the OFT has found this an obvious place to start to impose competitive practices.

Certainly, a markedly new approach is becoming evident. Glossy coloured brochures are being produced by firms of solicitors. Accountants are advertising on TV. Even actuarial partnerships are hiring public relations advisers, and are jealously measuring the number of column-inches of press coverage gained by rival firms.

The professions are now beginning to clash on a serious scale. Solicitors and accountants come up against each other in areas such as tax and advice to small companies. Actuaries are moving into competitive areas such as employee benefits and investment advice.

Progressively, the big professional firms are exploring the *potential of multi-disciplinary* partnerships which can provide package deals of financial, legal, managerial and technological services.

Now there is pressure for firms of accountants to be permitted to incorporate with limited liability (which would require changes to the Companies Acts). In this they would be following Stock Exchange firms, where limited liability *will* be permitted next year.

When that happens, stockbroking firms will have developed—within 25 years or so—from being small, independent partnerships, with rarely more than ten partners, into subsidiary units of great financial conglomerates. The new-style securities firms are driven to earn a high return on large lumps of capital in highly competitive conditions. *In those circumstances the professional* is forced to turn himself into a profit centre.

Not surprisingly, these trends disturb many individual professionals. The direct and uncompromised client relationship lies at the heart of the professional approach, and one corollary is that the professional must not expose himself to unnecessary and unmanageable conflicts of interest.

In this respect the new securities market will test professionalism *to* the limit. Recently David Scholey, who heads the new integrated securities group based upon merchant bankers S. G. Warburg, said that he could identify *50 potential conflicts within his* new organisation, and he was still counting.

Similarly, the big accounting firms have built on their audit client base to sell all manner of other services, from tax planning and management consultancy to computer programmes and corporate finance advice.

There is an obvious threat to their role as *independent* auditors; and now they are being told that, in addition, they must act on behalf of supervisory agencies such as the Bank of England as well as on behalf of their corporate clients.

Small wonder that there is a backlash among the smaller practitioners in stockbroking, accountancy and elsewhere who are anxious about the sweeping away of the traditional structure *of the* professional partnership; and are apprehensive (and maybe more than a little jealous, too) at the successful rush by the big firms for lucrative new opportunities.

The professional institutes are being put under intolerable pressure by the commercial changes affecting their members. A likely outcome is that some professions will simply be torn apart, between those members *serving traditional private client* functions and those going for the big corporate and public sector markets.

And when the learned professionals embrace commercialism they will have to accept that the public will take note—and their status will be accordingly devalued. So maybe, if only by default, journalism will rise just a little higher in public opinion league tables.

• CONTENTS •

• MARKETS •

ICI gathers way on the long voyage to recovery

In a week shorn of major company results it was inevitable that ICI would set the tone. Four days of up-a-bit, down-a-bit movement on the market came to an end when the chemicals giant turned in worse than expected second quarter profits on Thursday.

Yesterday the FT-A All Share Index was recovering and so was ICI — although almost a quarter of its market worth has been wiped out since the high hit in February when last year's £1bn pre-tax profits were announced.

According to analysts a comparison of yields on equities with long gilts suggests that the stock market is now undervalued by 15 per cent if an eight per cent rate of growth of dividends is assumed. This bullish point might suggest that the FT-A could readily justify a rise to around 680 from its close of last night.

For ICI the major problem was the impact of the stronger pound. While the money managers on Millbank are able *to minimise foreign exchange* risks by switching debts around, covering forward on debtors and for the expected profits from overseas units so as to reduce translation loss possibilities, they cannot deal with the four way stretch on the basic businesses.

Raw materials bought by ICI are mostly dollar denominated, these are often processed in a sterling area and then sold against competitors working in D-Marks to companies in countries using a fourth currency.

It was a £50m drop on these terms of trade that so badly dented ICI this last quarter.

The disappointing second quarter produced a first half total only £3m more than last year's. Analysts are already making comparisons with the situation in the second half of 1980. Then recession plus sharply rising oil prices drove the UK operations of ICI into the red—leaving overall losses *for the group of £200m on overseas sales of £1bn.*

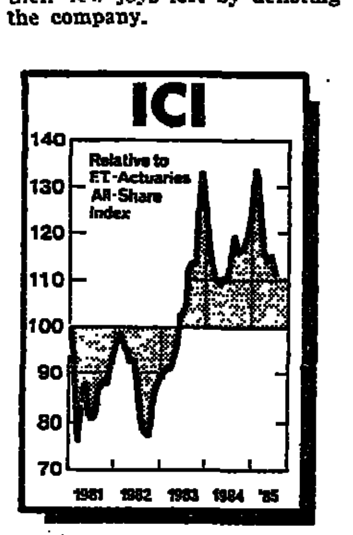
This apocalyptic vision is certainly an over-statement of the concern felt at the impact of sterling and the relatively high rate of inflation in the UK on ICI's competitiveness.

For the second half the expectations are for £90m less than in the first and a yearly total of just under £1bn. But all the bets will be off if the pound rises much above four D-marks. Every 10 per cent adverse change in the basket of main currencies in which ICI trades could cost the group £100m.

ICI shareholders will feel only a little rewarded by the 1p increase in the interim dividend to 13p—not much more than a 10 per cent rise for the year as a whole is now expected.

As the chart shows it takes nerves of steel and probably a love of skiing to have stayed with ICI over the past five years. Most brokers have the stock on a hold—but that maybe *because they think investors* are enjoying the ride. Certainly the earnings prospects are modest even into 1986.

It was always said that a drowning man bobbed up to the surface three times before being sucked beneath the waves for good. On this basis Acorn—at least as far as the market is concerned—has only one life left.



London

This week's rescue package, the second this year, not only makes Acorn an 80 per cent owned subsidiary of Italy's Olivetti but after allowing for the surviving 14 per cent stake of company founders Chris Curry and Herman Hauser, a meagre 6 per cent of the company is left in outside hands. Olivetti itself is 25 per cent owned by AT & T, the U.S. telecommunications giant.

Over at the Stock Exchange officials are considering what should be done about Acorn—it no longer meets the 10 per cent minimum in public hands requirement for the USM, although this can be waived. At present it seems a safe bet that the kindly exchange officers will not rob the holders of Acorn's penny shares of one of their few joys left by delisting the company.

However, for those who bought in at 120p when Acorn joined the USM in 1983, this will be little comfort. Their hope has to be that in time the Cambridge orphan will grow strong under the protective wing of its Italian foster parent. Then maybe the tightly held stock could become the subject *of some interesting speculative* moves on the market.

The decline and virtual collapse of Acorn arose, say analysts, because of the company's piggy in the middle position between the very cheap games end of the home computer market—the Sinclair Spectrum for example — and the small business machines *aimed at the professional* user.

When in 1979 Acorn won the three year contract to supply the BBC micro to schools it cornered an important market, grew rapidly and attempted to use this base to challenge in the cheaper end of the market. Apart from updating the BBC micro — on which gross profit margins in the year to July 1984 were about 21 per cent on the average £350 cost of a single machine — the major new product was the Electron which sold at around £200, on which the gross margin was about £19.

By moving down market when the best advice was to go up, Acorn was forced into the discounting war on the high street and the slashing writedown on the company's stock drove it remorselessly into the red. The costly failure of the U.S. and German operations just amplified this.

For the key suppliers to Acorn, some of them already hit by Sinclair's problems, there was little to do but bite the bullet. Even Aunties, which is having to sack 4,000 as part of a big cost cutting exercise, had to write off £2m that it was owed.

Olivetti is making some progress in both the business micro and the electronic office goods market with existing machines and for about £15m (plus the debt liabilities) has bought a company once valued at £135m. Those with shares in Acorn have probably already resigned themselves to the capital loss and tucked them away in a bottom draw.

One of the protections shareholders look to when they invest in public companies is the annual outside examination of the accounts by independent auditors. But its been a bad week for accountants. On Tuesday, Arthur Young received the writ from Bank of England protege Johnson Matthey Bankers claiming damages over alleged breaches of contract and/or negligence in the auditing of the troubled bank's accounts. An astute piece of timing had Arthur Young cross petitioning the Chancellor on the same day with a libel writ.

On Thursday, with writs against auditors now becoming a seasonal event, Mr Swraj Paul's Caparo Industries struck against Touche Ross & Co over its Fidelity purchase. And of course on Wednesday Spicer and Pegler were among those tarnished by the "many slips between Tiphook and lip" fiasco. Just as well the market is making up its mind about the offering at 110p a share on the basis of earnings rather than assets—otherwise the premium, now discovered, of 42½p over net assets per share would have been hard to sell.

Terry Povey

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
FT Ordinary Index	924.1	−11.3	1,024.5	911.0	Concern over corporate profits outlook
FT Gold Mines Index	332.6	−72.3	536.9	330.2	SA Govt. imposes State of Emergency
AB Electronic	280	+48	538	220	Forecast of inc. profits and N/A value
AE	118	−19	164	110	Broker downgrades profits forecast
Barlow Rand	380	−100	495	380	France bans new investment in SA
Bowater Industries	301	+42	318	215	Hanson Trust reveals 7 per cent stake
De Beers Deferred	345	−50	450	340	SA Govt. imposes State of Emergency
Ferranti	108	−22	184	104	Broker downgrades profits forecast
Gold Mines Kalgoorlie	523	+68	570	345	Aussie golds benefit from SA fears
Harris (Philip)	152	+22	152	128	W. Canning acquires near-8pc stake
ICI	668	−26	880	655	Disappointing interim results
Jaguar	260	+15	363	237	Persistent American buying
Metana Minerals	140	+32	152	106	Firm Aussie golds/drilling report
Milbury	33	−41	92	32	Fears of possible cash flow problems
Rustenburg Platinum	540	−130	805	540	Weak South African mining sector
STC	90	− 8	289	86	Further adverse comment
Security Centres	115	+30	173	85	Bid from Automated Security
Standard Chartered	450	−45	525	442	Civil unrest in South Africa
TI	335	+31	335	214	Speculation of 400p bid from Evered
Woodhouse and Rixson	37½	+ 6	38	15	*Excellent interim results*

Why U.S. firms come to Britain

DICK REICHTER is painfully aware that some PR work is needed to educate USM investors. For he, as president of the Eaton Financial Manage*ment Corporation, has been* responsible for introducing three of the USM's six U.S. companies to their sponsoring brokers, and has another two deals up his sleeve which should emerge on the market before the end of this year.

Consequently he is less than delighted to learn of the poor *image of U.S. companies raising* money here, and anxious to set the record straight. Forget those nagging suspicions that American firms come to the USM just because ratings are higher here: and that, worse still — unsuspecting UK investors tend to get palmed off with deals that sassy U.S. counterparts would not touch.

There are in fact several good reasons why U.S. companies should choose to raise money here rather than in their own market.

The U.S. market might suit admirably the requirements of mature companies and of those wanting venture capital. But it does not recognise the special needs of the small company at all. There are few differences in the listing requirements of the mighty New York Stock Exchange and America's over-the-counter market, and newcomers have to be put through almost identical hoops whether they are IBM or Littlebiz Inc of Missoula, Montana.

Mr Reichter purrs over what he calls the London Stock Exchange's "enlightened attitude" to listing requirements on the USM. In the U.S., companies must file acres of information whether or not it is strictly relevant, but in the UK the onus is on the company to report anything of substance.

This makes a USM listing relatively fast and cheap. An American company wanting to raise £3m through a USM placing could expect to pay about £300,000 on a listing that might take four months. The same operation in the U.S. might take three months longer and cost £200,000 more.

The process in the UK might be simpler, but it is not, Reichter argues any more open to abuse. The care with which auditors and brokers pick through the accounts to which they put their names and reputations means that investors' interests are just as well protected here as by the more rigorous procedure in the U.S.

USM
UNLISTED SECURITIES MARKET

Quite apart from the sympathetic regulatory environment, there is a further reason why a U.S. company might choose to raise money here — a reason that Mr Reichter regards as fundamental to the whole exercise, but one which the UK investor could find a little hard to swallow.

It concerns the long-standing relationship between a company and its British broker, a relationship which is less binding in the U.S. The argument goes that the bond with the broker should be of the greatest importance to the sort of young company which sees a potential market for its product in Europe, as the broker should be able to draw to advantage on its multiple contacts with the companies it represents over here. The idea is fine, but there is as yet slim evidence to support the image of broker as trans-Atlantic image-maker and go-between.

Whatever their reasons, the number of companies considering raising money outside the U.S. is rising. It is not just to the USM that they are going, but to the parallel market in Amsterdam and to the second marche in Paris.

Mr Reichter says as many as 71 companies approached him in one week. Fifty-six could be weeded out by his secretary; of the rest, he expects that one or two will pass his own strict examination.

Having selected a company he judges to be of quality and that would benefit from an overseas listing, Mr Reichter sends a 15-page precis to a small handful of London brokers who, if interested, will meet the firm and put in their bids. In this way, Pacer, CVD and Optimetrics have arrived on the USM.

With these three companies under his belt, it is understandable that he should be feeling indignant. Optimetrics has fallen 25 per cent below the issue price in January this year, and CVD is at half its high reached in April. Meanwhile, Pacer, which came to market *only last month on a price that* already was scaled down to meet an unenthusiastic market, is already 20 per cent lower than the 170p issue price. Both CVD and Optimetrics have produced their first profits in line with forecasts, and there is no indication that Pacer will do otherwise.

However, USM investors' first rub with U.S. companies was too traumatic to be forgotten in a hurry. Both Nimslo, the 3-D camera company, and Chemical Methods, which makes dishwashers, have seen their share prices crash as they turned in deepening losses.

In the end, though, the most important consideration for smaller investors is going to be the dollar. And if its recent tumble continues perhaps more U.S. companies will decide to stay at home after all.

Lucy Kellaway

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Applied Botanics¶	1⅛§§	1½	4½	0.74	REA Hldgs
Bell (Arthur)	225†	240	192	297.56	Guinness
Breville Europe	28‡	27	19	4.75	Valor
Capital & Cnties	225*	223	195	121.39	Transatlantic Ins
Carr (John)	95⅓§	94	88	65.33	Rugby Prtld Cmnt
Cartwright R.¶	175§§	176	163	11.74	Newman Tonks
Clay (Richard)	130†	145	99	11.67	McCorquodale
Cole Group	200	226	184	6.00	Moss (Robert)
Debenhams	327†	308	327	458.43	Burton Group
IDC Group	283§§	265	186	19.15	Hall (Matthew)
Nottingham Man	266	264	233††	207.14	Vantona Viyella
Petrolex	84½	73	81	13.20	Aran Energy
Regentcrest	27½*	27½	26	4.24	Messrs R. & D. Richardson
Resource Tech	52½*	52	40	6.94	Inspectrate Int SA
Security Centres	125§	115	100	19.89	Auto Security
Selincourt¶	22	21½	28½	11.39	Stormgard
Solicitors Law	35*	36	41	4.03	Pergamon
Synterials	8	7½	8	14.94	BBA Group
Times Veneer	20*§	33	49	1.41	CDI Hldgs
Towngrade Secs	31½*§	35	37	1.67	Milbank Dev
United Wire	200§§	204	193	16.25	Scapa
Vectis Stone Grp	60*	57	55	8.34	Bardon Hill
York Trailer	45*	41	32	4.96	Utd Parcels

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on July 25 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AAH Holdings	Mar	11,250	(10,470)	—	(—)	4.13	(—)
A & M Hire	Jan	741	(706)	—	(—)	0.4	(0.1)
Alva Invest Tst	Feb	218	(97)	2.9	(8.1)	2.9	(8.0)
Atlantic Assets	June†	2,390	(1,780)	0.8	(0.6)	0.55	(0.5)
Bennett & Fount	Mar	763	(—)	—	(—)	—	(—)
Bespak	May	2,270	(2,110)	17.0	(12.3)	4.25	(3.75)
Black Arrow	Mar	1,320	(1,040)	3.9	(7.3)	4.2	(3.5)
Brasway	Apr	860	(422)	9.6	(4.4)	2.0	(1.33)
Bristol Evng Post	Mar	2,930	(2,480)	26.4	(20.7)	21.5	(16.5)
Celtic Haven	Mar	16	(235)	1.3	(3.1)	0.75	(0.75)
Cowan de Groot	Apr	887	(880)	2.9	(3.8)	1.0	(1.0)
Dowty	Mar	44,230	(36,500)	—	(—)	5.0	(4.5)
Hallite	Apr	794	(701)	15.8	(—)	9.0	(7.75)
Hampton Tst	Mar	677	(119)	—	(—)	—	(—)
Harold Ingram	Apr	327	(34)	0.93	(0.67)	2.5	(—)
Hillards	Apr	7,730	(6,760)	24.4	(18.2)	5.8	(4.8)
Kenyon Secs	Mar	434	(413)	16.2	(16.8)	9.38	(9.38)
Marling Ind	Mar	2,000	(2,000)	7.4	(8.9)	1.5	(1.3)
NMC Invest	Mar	183	(251)	1.7	(2.4)	1.0	(1.0)
Northamber	Apr	1,210	(790)	9.6	(5.9)	1.0	(—)
Osprey Common	Mar	201	(—)	3.3	(—)	1.25	(1.0)
Parkfield Group	Apr	488	(65)L	5.1	(—)	1.6	(—)
Penny & Giles Int	Mar	1,240	(937)	8.6	(8.4)	1.35	(—)
Preedy A. & Sons	Mar	1,020	(862)	8.8	(8.0)	3.88	(3.5)
Rexmore	Mar	513	(647)	0.4	(4.7)	1.0	(1.46)
Saxon Oil	June†	3,200	(1,200)	13.6	(6.9)	—	(—)
Thorpac Group	Mar	1,180	(976)	2.2	(2.0)	2.0	(2.0)
Tops Estates	Mar	62	(34)	0.9	(0.7)	0.63	(—)
Unilock Hldgs	Mar	1,070	(448)	3.7	(2.1)	1.5	(0.93)
Wellman	Mar	1,840L	(2,720)L	—	(—)	—	(—)
Woodhd J. & Sons	Mar	1,180L	(662)	—	(—)	0.1	(0.1)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AB Electronics	Dec	3,400	(2,000)	—	(—)
Ace Belmont Intl	Feb	109	(308)	—	(—)
Adams & Gibbon	May	[illegible]	[illegible]	[illegible]	(1.75)
Allied Textile	Mar	1,830	(1,600)	4.0	(2.56)
Ashley Ind	Mar	33	(157)L	—	(—)
Bootham Eng	Apr	233	(35)	2.0	(—)
Cardiff Prop	Mar	5	(17)	0.6	(0.6)
Comm Bnk Wales	June	953	(777)	—	(—)
Crescent Japan	June	175	(261)	—	(—)
DRG Canada	June	3,220	(2,960)	—	(—)
Gaunt Rowland	Apr	60	(30)	—	(—)
Glasgow Stock	June	432	(428)	0.85	(0.75)
ICI	June	535,000	(532,000)	13.0	(12.0)
Jourdan, Thomas	June	412	(314)	2.1	(1.75)
Ladies Pride	May	138L	(166)L	0.5	(0.5)
Meggitt Hldgs	Apr	505	(152)	—	(—)
Mount Charlotte	July	7,280	(3,530)	0.53	(0.46)
Nw Tokyo Inv Tst	June	253	(122)	—	(—)
Nationwide Leis	Apr	407	(306)	1.25	(—)
Woodhouse & Rix	June	532	(24)	1.0	(0.25)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share except where otherwise indicated. † Profit after tax. L Loss.

RIGHTS ISSUES

Forshaws Burtonwood Brewery—To raise 3.24m through a two-for-nine rights issue at 360p.

Oceana Development Investment Trust is raising £10.4m with a nine-for-one rights issue.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Yellowhammer—Placing of 2.6m shares at 110p each.

Tiphook—Offer for sale of 5.5m shares at 110p each.

Moss Advertising is entering the USM with a placing of 825,000 shares at 105p to raise a total of 900,000.

Banks are expected to improve

THE MARKET is looking forward to the reporting season of the big four clearing banks with a good deal less trepidation than last time. In March, when the preliminary results were announced, the City was anticipating the round of capital raising needed to repair balance sheets that had been hit twice over by the need to provide for deferred tax, and by spiralling bad debt provisions.

After a flurry of perpetual floating rate note issues on the Euromarkets, and a rights issue from Barclays, nobody expects further calls for cash and the City is now concentrating on the healthy increase in profits that is expected all round.

The main source of improvement will be domestic banking. A happy combination of high interest rates throughout the first half, and a continued surge in lending volumes, has caused brokers to revise profit estimates upward. Tight control over costs and further advances in fee and commission income will also have helped. The only black spot on the domestic front will be home loans, where increased competition squeezed the margin between mortgage rates and market interest rates.

Overseas, the clearers will have had a more mixed time, with some areas like Hong Kong improving while others like South Africa deteriorated. Foreign retail banking might have improved marginally, offset by still greater competition in wholesale banking. However, *a small advance in local* currency terms overall is likely to be wiped out by translation into sterling, as the pound has strengthened over the period.

The swings on the currency markets are likely to have had a strongly positive effect on the banks' foreign exchange profits and, although none of the banks isolate this source of profits separately, analysts are expecting dealing profits from all four banks to be sharply higher.

The main uncertainty, once again, will be the level of bad debt provision. Most analysts expect a modest improvement since this time last year, due mainly to a reduction in domestic provisions. Overseas provisions are not likely to show much, if any, improvement, and it is possible that the banks, encouraged by the strong increase in profits, may decide to err on the side of caution.

Forecasting the exact level of bad debt provisions involves making a guess; and because it is such an important part of the total, there is considerable disagreement among the City's banking analysts when it comes to attaching a number to the bottom line.

National Westminster should get the season off to a strong start when it reports on Tuesday. The average forecast is for a 36 per cent increase to about £400m (£295m)—although, some analysts expect as much as £460m—arrived at after bad debt provisions of £145m (£160m). NatWest, which already has reported encouraging results from its U.S. banking operations and from Lombard North Central, should have done particularly well from its foreign exchange dealers, with estimates from this source stretching up to £65m.

Estimates for **Barclays**, whose interims are due on Thursday, range from £375m to £445m, with an average increase forecast of about 30 per cent. The debt provision, at about £245m, will be marginally higher than last year's figure, due in part to the bank's relatively large exposure to South Africa where recession also has depressed *profits at its subsidiary*, Barclays National Bank.

Also due on Thursday are Midland's figures. The City is expecting pre-tax profits of about £165m, compared with £70m last year. The improvement comes mainly from the turnaround at its troubled U.S. subsidiary, Crocker National, which already has announced profits for the first half of $18.2m after losses of $115m last year. The recovery at Crocker should also have had a marked effect on Midland's bad-debt provisions which, at £150m, would be about £40m less than last time.

Lloyds, the smallest of the big four, closes the season on Friday with profits that are generally expected to be about £260m (£210). This increase is based on a very poor first half last year, when Lloyds introduced higher charges later than the others and announced particularly poor results from its international banking businesses.

All the banks are expected to announce an increase in the interim dividend, except for Midland which has more urgent uses for its reserves. Both NatWest and Barclays are expected to up the dividend by 8 per cent, while Lloyds' dividend is likely to rise by as much as 11 per cent.

Meanwhile, dark clouds hang over the results of Mercantile House Holdings, which reports on its year to April on Wednesday. The City has been revising its forecasts downwards following disappointing figures from Oppenheimer and Co, the group's U.S. stockbroking arm which incurred a loss of $60,000 in its third quarter against a pre-tax profit of $9m the year before.

In common with other Wall Street houses, OpCo has suffered from low trading volumes and a decline in corporate fees brought about by the depressed market. Income might pick up in the final quarter; but the fact remains that in the first three quarters OpCo has contributed less than $7m against $28m the year before. If that were not bad enough, the final quarter will see the write-off of a $1.4m loss incurred through the failure of ESM, the Florida-based government bond dealer whose collapse brought about a run on the Ohio savings banks.

The downturn at OpCo is unlikely to be mitigated by the performance of Alexanders Discount, which Mercantile House acquired in March 1984. Alexanders has suffered along with the other discount houses from the two recent rises in interest rates and reports suggest that it will contribute little or nothing this time.

There is a silver lining: trading conditions have favoured the group's U.S. government securities business and Fundamental Brokers will show another good year. The money and foreign exchange broking arms should also have done well. Nevertheless, the overall prospects are bleak and the group will probably manage only £50m against £56.9m last time.

Lucy Kellaway
Richard Tomkins

Results due next week

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
AIM Group	Wednesday	1.9	3.85	1.9
Arlington Motor Holdings	Monday	2.5	6.0	2.5
Black, Peter	Thursday	1.95	—	0.325
Caledonian Assoc. Cinemas	Wednesday	2.0	8.0	—
André De Brett	Monday	1.0	—	—
Electron House	Thursday	—	—	—
Equipu	Monday	1.1	2.7	—
Ewart New Northern	Monday	1.0	3.0	2.0
Havelock Europa	Wednesday	—	—	—
J. Jarvis and Sons	Tuesday	7.2	10.3	7.2
Lister and Co.	Thursday	—	0.1	—
London and Gartmore Invest. Trust	Thursday	—	1.5	—
Macarthys Pharmaceuticals	Tuesday	2.0	5.5	2.2
Mercantile House	Wednesday	3.75	8.25	4.0
Merrydown Wine	Monday	5.0	4.444	1.0
New Court Natural Resources	Tuesday	—	1.5	—
Norton Opax	Monday	1.0	2.0	1.0
Phoenix Timber Group	Friday	1.5	2.5	1.5
Smith, David S.	Wednesday	1.0	1.5	1.0
Stewart Zigomala	Tuesday	6.72	7.28	—
Target Managed Currency Fund	Monday	—	—	—
Tomkins	Monday	0.635	1.165	0.775
Trent Holdings	Wednesday	0.35	—	—
INTERIM DIVIDENDS				
Aaronson Bros.	Tuesday	1.2	3.0	
Abbey Panels	Thursday	0.75	0.75	
Abbey Panels Investment	Friday	0.75	0.75	
AC Cars	Tuesday	—	—	
Barclays	Thursday	12.5	13.5	
Berkeley Technology	Thursday	—	—	
Bullough	Monday	4.5	8.1	
T. Cowie	Wednesday	1.0	1.75	
Ford, Martin	Wednesday	0.05	—	
Greggs	Monday	1.4	2.0	
Johnstones Paints	Thursday	1.765	2.235	
Lloyds Bank	Friday	24.288	17.0	
Midland Bank	Thursday	11.0	—	
National Westminster Bank	Tuesday	12.0	16.34	
Ocean Transport and Trading	Wednesday	2.15	3.35	
St Andrew Trust	Thursday	2.5	5.2	
Temple Bar Investment Trust	Monday	1.65	3.0	
Tern-Consulate	Wednesday	—	—	

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	6.50	6.61	5.19	3.77	half yearly	1	—	0-7
High interest cheque	8.50	8.77	6.89	5.01	quarterly	1	2,500 min	0
3-month term	8.00	8.24	6.47	4.71	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	8.25	8.42	6.62	4.81	half yearly	1	1-250,000	0
High interest access	9.75	9.75	7.66	5.57	yearly	1	500 min.	0
90 day	10.75	11.04	8.67	6.31	half yearly	1	500 min.	90
Premium	10.60	11.03	8.67	6.30	quarterly	1	10,000 min.	90
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.10	yearly	2	5-50,000	30
Income bonds	13.25	9.86	7.75	5.63	monthly	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	not applicable	3	25-5,000	8
Yearly plan	9.28	9.28	9.28	9.28	not applicable	3	20-200/month	14
General extension	9.51	9.51	9.51	9.51	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.05	9.36	7.35	5.35	half yearly	1	2,500 min.	7
Schroder Wagg	8.97	9.35	7.35	5.34	monthly	1	2,500 min.	0
Provincial Trust	9.16	9.55	7.50	5.46	monthly	1	1,000 min.	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	10.77	7.53	5.91	4.29	half yearly	4	—	0
11% Exchequer 1990	10.90	7.64	6.00	4.37	half yearly	4	—	0
10.25% Exchequer 1995	10.86	7.70	6.12	4.55	half yearly	4	—	0
3% Treasury 1987	8.53	7.54	7.05	6.56	half yearly	4	—	0
3% Treasury 1989	9.08	7.97	7.41	6.86	half yearly	4	—	0
Index-linked 1988¶	9.84	9.14	8.79	8.44	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

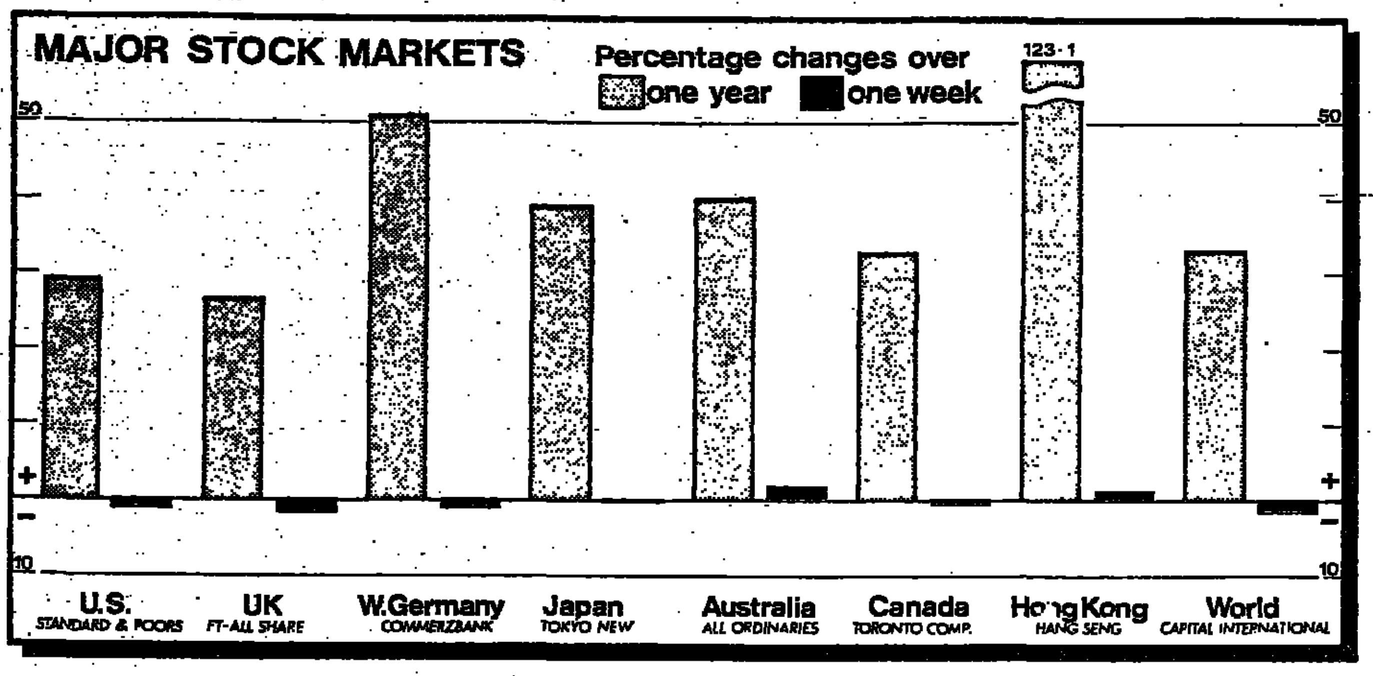
BASE LENDING RATES

A.B.N. Bank	12 %	Heritable & Gen. Trust	12 %
Allied Dunbar & Co.	12 %	■ Hill Samuel	§12 %
Allied Irish Bank	12 %	C. Hoare & Co.	12 %
American Express Bk.	12 %	Hongkong & Shanghai	12 %
Henry Ansbacher	12 %	Johnson Matthey Bkrs.	12½%
Amro Bank	12 %	Knowsley & Co. Ltd.	12½%
Associates Cap. Corp.	13 %	Lloyds Bank	12 %
Banco de Bilbao	12 %	Edward Manson & Co.	13 %
Bank Hapoalim	12 %	Meghraj & Sons Ltd.	12 %
BCCI	12 %	Midland Bank	12 %
Bank of Ireland	12 %	■ Morgan Grenfell	12 %
Bank of Cyprus	12 %	Mount Credit Corp. Ltd.	12 %
Bank of India	12 %	National Bk. of Kuwait	12 %
Bank of Scotland	12 %	National Girobank	12 %
Banque Belge Ltd.	12 %	National Westminster	12 %
Barclays Bank	12 %	Northern Bank Ltd.	12 %
Beneficial Trust Ltd.	13½%	Norwich Gen. Trust	12 %
Brit. Bank of Mid. East	12 %	People's Trust	13 %
■ Brown Shipley	12 %	PK Finans Intl. (UK)	13 %
CL Bank Nederland	12 %	Provincial Trust Ltd.	13 %
Canada Permanent	12 %	R. Raphael & Sons	12 %
Cayzer Ltd.	12 %	Roxburghe Guarantee	12½%
Cedar Holdings	13 %	Royal Bank of Scotland	12 %
■ Charterhouse Japhet	12 %	Royal Trust Co. Canada	12 %
Choulartons**		■ J. Henry Schroder Wagg	12 %
Citibank NA	12 %	Standard Chartered	‖12 %
Citibank Savings	¶12½%	TCB	12 %
City Merchants Bank	12 %	Trustee Savings Bank	12 %
Clydesdale Bank	12 %	United Bank of Kuwait	12 %
C. E. Coates & Co. Ltd.	12½%	United Mizrahi Bank	12 %
Comm. Bk. N. East	12 %	Westpac Banking Corp.	12 %
Consolidated Credits	12½%	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
E. T. Trust	13 %		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12 %		
Robert Fraser & Ptns.	13 %		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.75%, 1 month 8.5%. Top Tier—£2,500+ at 3 months notice 12%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8¼% gross.
‡ 21-days deposits over £1,000 10%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8¼%.

هكذا | من الأصل

• MARKETS •



Nervous foreigners ditch shares

Johannesburg

THE BEDS of tropical plants in the glassed-in foyer of the Johannesburg Stock Exchange hint at the market's hot-house environment. Equity prices have long been sheltered from economic chills by the buying pressure of cash-flush institutions prevented from investing outside South Africa itself. But while the artificial climate of the foyer is unlikely to be disturbed, the temperature on the trading floor one floor below is cooling rapidly as nervous foreigners ditch South African shares.

In the week following the State of Emergency, South African buyers have managed to absorb the shares thrown at the Republic by disenchanted investors in Europe, London and New York. There was no rout, due largely to the de-regulation of currency markets introduced over the past two years. Some of the pressure of selling has been absorbed by a drop in the external value of the rand.

Nonetheless, by Thursday the JSE Actuaries All-Gold Index had dropped by one-eighth to 845.9 from its closing level of 967.3 on Friday last week. The overall index was 9.2 per cent lower at 1,047.9 against Friday last week's close of 1.154.3, and the industrial index had dropped to 976.9 from 1,028.4.

Tony McLeish, a dealer on the stock exchange floor, paints a pessimistic picture of immediate prospects. He believes the selling wave began with French and Swiss investors on Monday and that their sales confirmed the decision of London jobbers who marked Kaffir prices down at the opening on Monday. McLeish adds that while European selling persisted throughout the week, and particularly on Thursday afteh the French Government decided to withdraw its ambassador, it did not set off massive American selling.

He fears, however, that the professional trading by Americans, who were covering short positions during the latter part of the week, will be overwhelmed towards the middle of next week if further European disposals depress prices to levels at which transatlantic stop-loss orders are triggered, and the American mutual funds are converted into distress sellers to cover redemptions. If that happens, McLeish thinks the market could go through the floor.

An analytical view is propounded by Scott Hawker, a senior analyst with Johannesburg brokerage house Anderson and Wilson. He believes the market had been looking for a reason to correct the bull run which had lifted the industrial index by more than a third to 1.036.8 on July 16 from the year's low of 767.1 on March 7. The overall index peaked at 1.163.6 on July 18, representing a rise of more than a quarter from the February 22 trough of 922.6.

Nevertheless, as Hawker points out, South African shares are shifting towards yield ratings that are attractive enough to encourage buying by local institutions. He is under no illusion as to the likely effect of major sales by the American precious metals mutual funds, but believes that a drop in the external value of the rand will eventually dissuade investors from leaving South Africa. They will become "currency detainees", Hawker adds.

Local institutions, by way of contrast, can take a longer view and will return to the market to buy shares at politically-determined yields on the fundamentals of falling interest rates, balance of payments improvements and better economic conditions.

As far as gilts are concerned, Ian Lamont, a partner in the brokerage firm of Ivor Jones, Roy Inc., believes the recent declining interest rate trend might have reversed itself. He is worried that a protracted State of Emergency could cause the security forces to over-spend their budgets and that, as a result, inflation would be given a sharp upward twist.

Old Mutual, the country's largest life assurer, apparently takes a similar view to Lamont. It saw a trading opportunity early this week and simultaneously sold R10m of long-dated gilts to each of seven different market makers on a 15.25 per cent yield.

Within a day, prices had fallen to such an extent that the same stock was yielding 15.6 per cent, which still represents a negative return with inflation running at its June rate of 16.4 per cent.

Despite many of the technical factors helping the market, most observers believe foreigners will increasingly become net sellers of South African equities. Estimates vary widely, but generally reflect the view that this month's net sales will reach about R300m, reinforcing the contention that the confidence of foreigners in South African equities of 1984 and early 1985 has been reversed fully.

Early this year, it appeared that the massive sale of equities—including such large deals as the sale to new South African controlling shareholders of Premier Group by Associated British Foods and Rennies by Jardine Matheson—following the merging of the financial and commercial rands in February 1983 had been replaced by a period of steady purchases by foreigners. This buying, which got under way in 1984, was, however, founded largely on purchases of gold shares by American mutual funds. They are the very buyers who could now be poised to swamp the market with scrip.

South Africans should know the worst (or the best) within a few days, and they will also know if the authorities' nerve is likely to hold during a sharp decline in the external value of the rand which would be set off by excessively large equity sales by non-residents.

Jim Jones

GM, Sears suffer

Wall Street

AFTER last week's strong performance, U.S. share prices have been consolidating their gains on Wall Street this week as analysts digested the steady flow of second quarter earnings results from the heartland of the economy.

On Monday, share prices slipped back from the previous Friday's record high, but by Tuesday morning appeared ready to surge to a new peak. By lunchtime, the Dow Jones Industrial Average was standing at 1,367; but prices turned around rapidly, and from being 10 points ahead the Dow ended the day nearly six points lower.

By Wednesday, the index had slipped below the 1.350 level. The June durable goods orders figures, showing an unexpectedly strong 1.8 per cent rise after a 3.3 per cent drop in May, were encouraging. However, U.S. interest rates have been inching higher and reports of a stronger economy are reducing the prospects of an early cut. There is even talk of higher rates which is making the credit markets nervous after the strong rally of the early summer.

The change in tone in the credit markets has already been reflected in a sharp upward correction on the interest rate front. The three month treasury bill rate, which only a few weeks ago was hovering around 6¾, has settled down around the 7¼ level. Meanwhile, long term bond yields, which at the end of June were a fraction above 10 per cent, have found a new base a full half point higher.

Wall Street investors generally remain in a bullish mood, but there is considerable uncertainty over whether this week's correction in the market has further to run. E. F. Hutton's market tactician, Newton Zinder, believes the Dow probably will trade down to the 1320-1330 level "before a more durable rally will occur."

While the stock market has been bracing itself for lower second quarter earnings, this week's batch of figures from many blue chips underlined the scale of the recent earnings setback. General Motors earnings were down 28 per cent at $3.52 per share, which was below the $3.75 a share which analysts had been predicting. GM shares dropped $1.50 to $68 on the news.

GM earned $14.22 a share in 1984 and analysts, who had been predicting earnings of around $13.25 for 1985, are trimming their estimates for the car giant. For the first half of 1984, GM's earnings are nearly a third down at $6.78 per share. The company blames the drop on the costs it is incurring related to new models and its recent acquisition of Electronic Data Systems.

Sears Roebuck, the retailing and financial conglomerate, also reported a sharp drop in earnings. For the latest three months, these are 25 per cent down at $0.72, primarily because of a poor showing by its retailing operations. Sears blames fierce competition, which forced it to hold down its prices, and poor weather for its sluggish showing. Last year, Sears had annual earnings of $4.01 per share and a growing number of analysts are revising down their 1985 earnings estimates.

One sector of the economy that has been doing better recently is oils.

Amoco, one of the sector blue chips, reported a 26 per cent rise in second quarter earnings to $2.28 per share and Mobil's earnings were 12 per cent up at $1.01. One of the major exceptions was Exxon, which has been a stock market star in recent months. It reported a 39 per cent drop in second quarter net income to $0.99—but this was due to the need to take a massive charge to cover a U.S. court decision which says the company owes more than $1bn because it overcharged its customers during a period of price controls in the 1970s. Exxon is appealing.

In the takeover arena, the main news of the week was that Sir James Goldsmith finally won the day at Crown Zellerbach which is giving some investment bankers plenty of food for thought. Crown Zellebach had adopted a so-called "poison pill" defence which was supposed to ward off predators like Sir James. He had originally offered $42.50 per share for the company, but dropped his bid after the company put up a fight. He has been buying shares in the low $40 range recently. Following the news that he had moved into the chairman's seat, Crown Zellerbach shares dropped $¾ to $38½.

The first half of 1985 has proved difficult for the U.S corporate sector with a sluggish economy, competition from foreign imports and deflationary pressures taking their toll on margins. Merrill Lynch estimates that first half profits of the 500 companies in the Standard and Poor's 500 Composite Index fell 4 per cent, compared with a 33 per cent rise in the same period last year.

Lower interest rates, plus the recent decline in the dollar should help profits over the next six months, says Merrill, which is predicting a 10 per cent rise. Next year should be even better, with profits up by some 1 per cent.

MONDAY	1,357.54	− 1.[illegible]
TUESDAY	1,351.81	− 5.[illegible]
WEDNESDAY	1,348.90	− 2.[illegible]
THURSDAY	1,353.61	+ 4.[illegible]

William Hal

Gold takes a dive

Mining

INEVITABLY, it has been one of the worst weeks on record for holders of South African mining shares. Already looking queasy because of concern about the Republic's growing political tensions, the share market has had to contend this week with the proclamation of a State of Emergency over large parts of the Transvaal and eastern Cape which cover parts of the main gold mining areas.

Still reeling from this, market sentiment took a further knock over the decision by France to withdraw its ambassador from Pretoria and to suspend all new investment in South Africa. To make matters even worse, the gold price has remained dull and the black mine labour dispute has continued to simmer.

Not surprisingly, gold share prices have plummeted and the FT Gold Mines index has lost 72.3 on the week to 332.6, its lowest for nearly three years. Has the fall been overdone?

The gold mines themselves may not be unduly harmed by the French sanctions, although these will not make it any easier to raise overseas capital; nor will sentiment generally outside South Africa.

Perhaps the greatest worry for UK shareholders is that there may be further heavy selling of gold shares by the big holders in the U.S. and France. This would be triggered off by any further rioting, especially in the mining areas.

In this respect, we await the outcome of a mass meeting of black mineworkers in Welkom this weekend to decide what form of action is to be taken in support of their wage claim.

Meanwhile, mine earnings are good and will be helped by weakness in the rand, but it is a moot point as to whether indicated dividend yields are high enough to allow for the present uncertainties. Regretfully, therefore, it cannot be assumed that the fall in prices will go no further.

What of gold? Once again, the bullion market has shown that it pays little attention to political events. Economic factors are what count and the big money, which has had a good run in the U.S. dollar, is not interested in gold. Instead it is switching from dollars to other currencies, such as sterling and Deutschmarks.

Such funds can still earn high rates of interest which are well above those of inflation. Therefore, until inflation, particularly in the U.S., starts to rise again, the big money will see no need to hedge against currency uncertainties in non-interest-earning bullion.

For the time being, the only obvious factor to stimulate the gold price would be a major interruption to supplies. This, of course, is a possibility in the light of events in South Africa and the fact that the country acounts for some 60 per cent of non-Communist world gold production.

The Australian and Canadian gold mines can make good profits with present prices, the latter companies being helped by the recent fall in the Canadian dollar. There is thus a case for buying Australian and Canadian gold shares for those investors wanting to hedge against any major interruption to South African gol supplies.

● Ironically, good earnings have been reported this week by two South African mining companies. The mining investment and mineral lease-holding **Free State Development and Investment** ("Freddies") has reported a 41 per cent increase to R3.09m (£1.16m) in net profi for the year to June 30. The dividend total is raised to 75 cents (25p) from 55 cents.

The promise shown at half time has been fulfilled by **Rustenburg Platinum Holdings** with a 56.7 per cent increase to R156.9m (£58.9m) in earnings for the year to June 30. The new dividend total is increased to 90 cents (33.8p) from 6 cents, but the yield basis of per cent cuts little ice in today's markets.

● Australia's **Metana Minerals** has pleased the market Down Under with news of high value drill results at the North Morning Star leases at Mount Magnet in Western Australia. Metana says the results indicate a likely open-cut gold mining proposition, the size of which has yet to be determined.

Ken Marston

Lower rates set for first time buyers

Mortgages

'OW THAT the Halifax and bbey National building socie-es have led the way by cutting ieir mortgage rate to new orrowers, first time buyers will ?t set to take the plunge. They ill find they have a greater ioice than for some time over here to get their mortgage.

Despite the fact that building ocieties are still not attracting ie level of savings which they iy they need to meet mortgage emand there is no shortage : funds to lend. The banks re also flush with funds. orced by the increasing com-etition from banks, building ocieties are also abandoning ieir long-held differential ructure so that larger mort-ages will no longer cost more. The main clearers are also en to step up their mortgage isiness; they are way behind e lending targets which they ad set themselves for this ear.

Virtually all the 10 major cieties will now give mort-ages to non-investors. This cludes the Woolwich and ationwide who, until the latest und of rate cuts, offered the eapest mortgages over the hole price range with the sult that they had mortgage ieues of up to eight weeks. iese are now gone. The oolwich announced this week at it will now give mortgages non-investors. So too will e Nationwide, although this licy will vary from branch branch depending on the ailability of funds in a par-cular location.

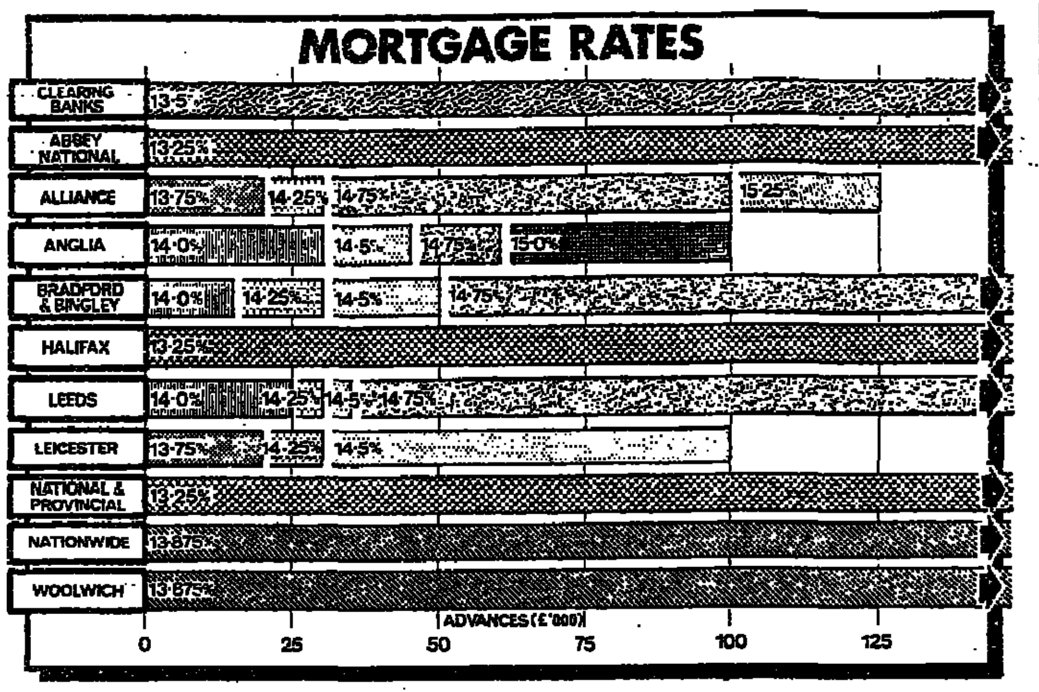
The Halifax, Abbey National, eeds Permanent, National & rovincial, Anglia and Brad-rd & Bingley all say that ey will give mortgages to non-vestors although their own embers will get priority. The Leicester says it will also lend to non-investors but this will vary from branch to branch according to the availability of *funds. So too, in principle, will* the Alliance, although in some areas where there is a relative shortage of funds it requires borrowers to have saved with it for three months.

All the societies claim that they do not differentiate be-tween investors and non-investors although some, like the Abbey National, say that they may be more generous to members when applying income multiples.

None of the societies actually requires borrowers to become investors although they clearly hope that their marketing skills will persuade them to. In the majority of cases non-member borrowers do become investors.

The clearing banks, who for *some time had limited their* mortgage funds to their own customers, are now actively woo-ing non-customers and have plenty of funds to lend. The final barriers came down with Barclays' decision earlier this month to abandon its differen-tial structure and abolish the requirement that borrowers had to have been cheque account customers of at least six months' standing.

The banks are more direct in their marketing tactics than the building societies. Once you get *a mortgage from one of the* clearers you are required to open a current account. They argue that you will need it to service the direct debits on your mortgage with them although



this does not have to be your main account. If, however, you borrow from the foreign banks who are now active in the mort-gage market—like the Chemical Bank, Citibank or United Bank of Kuwait—you will not be expected to open an account with them.

For the time being, mortgages from building societies look set to be cheaper than those on offer from the banks. In real terms the Midland still pips them, with an annual percentage rate of 14.2 per cent. Because of different ways of calculating interest the Abbey and the Halifax have an APR of 14.22 per cent, even though their nominal rate is lower.

If the banks' mortgage departments also cut their rates *—they did not when base rates fell earlier this month—then* they will once again be signifi-cantly cheaper than their build-ing society rivals.

Now that four of the top five building societies have done away with the practice of charg-ing more for larger mortgages, many of the rest can be expected to fall in line. Building societies have in the past been more expensive for large mortgages because of their differential rate structure.

Citibank does have differen-tials, but in reverse. It charges less for larger mortgages, with a minimum of £15,000. Chemi-cal Bank and United Bank of Kuwait charge the same for all mortgages, but set a minimum of £25,000 and £30,000 respec-tively.

One of the drawbacks of borrowing from some bank is that they do not usually lend as high a percentage of the agreed purchase price of the property as the building socie-ties do. Midland Bank has recently raised the amount it *will lend from 80 per cent to* 90 per cent of the agreed price of a property. Lloyds Bank will also lend 90 per cent, but Barclays will only do so either for first-time buyers or on brand-new properties—and only up to a maximum of £40,000. Beyond this they will only lend 80 per cent. This is the maxi-mum which NatWest will lend on any property.

Chemical Bank operates a rather complicated system which according to the age, *type and location of the* property determines both the maximum amount it will lend and the proportion of the purchase price. On some prop-erties, however, it will lend as much as 95 per cent, whilst Citibank will extend mortgages of up to 100 per cent.

The banks claim to be quicker in giving mortgage approvals — on the spot if necessary even *if* the pros-pective borrower is a non-customer, so long as they come in *bearing their P60 forms.* In practice, prospective home buyers report that this is rarely the case even for existing customers.

Margaret Hughes

Discounts for pensioners

RETIREMENT MAY offer un-precedented opportunities for leisure and an easy life, but a drastic fall in income may accompany it, whether through bad planning or bad luck. How-ever well or poorly you may have done in planning a pen-sion, there are an abundance of rights, privileges and perks to stretch out the elderly person's income. Unfortunately, abund-ance does not easily translate into a coherent, understandable system of benefits. Many pen-sioners are faced with a tangled hotch-potch of special rules.

Benefits which elderly people may be entitled to come in three categories: financial, tra-vel, and other (mainly leisure-related). The benefits them-selves come from a variety of governmental and private bodies, each applying its own criteria for defining eligibility.

Financial discounts for the elderly abound, but they take some explaining by the differ-ent institutions offering them—the Inland Revenue has a special old age allowance for elderly income tax payers, the DHSS offers several benefits, including a Mobility Allowance, and so on.

Whether or not in need of advice or benefit entitlement and claims, every pensioner with a bank account would be well advised to make sure that he or she is not paying bank charges. All the big clearing banks offer free banking to retired customers over 55. Wrestlers, newscasters and others entitled to retire before 55 cannot claim until they are old enough.

Free banking is an example of a privilege afforded the *elderly, but only at their* request. The banks keep no record of customers ages, and will continue to levy charges until the pensioner picks up a leaflet and applies for exemp-tion. In all cases, banking is charge-free only whilst accounts are in credit.

Midland Bank offers free banking to all current account customers in credit, not re-stricting the service to a privilege for the elderly. But Midland goes a stage further in offering free financial coun-selling to pensioners who sub-scribe to the bank's high interest cheque account. A minimum of £2,000 is needed to start, whereupon the sub-scriber will be offered an interview with advisers from Midland's investment arm. Midland insists that the advice will be impartial: "We will undoubtedly tell a client if one of our products is the best in a particular area, but if not, we would direct them else-where." Nevertheless, it would seem wise to seek a second, genuinely independent opinion before committing large amounts of capital.

A second benefit with that Midland account is a discount on Thomas Cook travel and holidays. Subscribers receive vouchers which they can set against the cost of Thomas Cook packages. Travel benefits are among the most common and useful perks available to the elderly. Probably the best-known discount is British Rail's Senior Citizen Railcard, which costs £12 and offers a 50 per cent saving on virtually all BR fares.

Other national travel discounts can be obtained from bus companies. National Express has been offering one-*third off inter-city services for* passengers aged over 60. It is always worth inquiring from local companies about discounts before purchasing a ticket.

Those with the money to fly can do well. Passengers of pensionable age, travelling with British Airways, receive a discount of one-third on return tickets, providing they stay away from home for at least six nights. British Caledonian sells half-price seats to the elderly on all domestic flights; Danair has a 30 per cent *discount on all domestic return* tickets.

Most local authorities have cheap travel schemes for older residents. Details vary from council to council, and can usually be obtained from the authority's central offices or the head office of the local bus company.

In London, the GLC offers free travel on buses and under-ground trains, as well as on British Rail trains within the metropolitan area. There is also a discount taxi scheme where a £6 ride costs just £1, and a similar benefit for the housebound, called Dial-A-Ride. The housebound person calls by telephone, a minibus comes to the door, and he or she goes to whatever destination specified for the price of a bus fare.

Perhaps the most useful perks for the elderly are those designed to combat the most difficult problems: loneliness and isolation. Help provided will vary from council to coun-cil, but the need to be enter-tained, and fill up leisure hours, is generally recognised as very important.

A few years ago, organised luncheons were the fad. These are less popular now, with many councils looking to more tradi-tional kinds of entertainment.

The GLC offers concert tickets for the Royal Festival Hall at a flat rate of £2 per head, a discount of over 50 per cent on even the cheapest seats. Free films, tea-dances, rambles and the like are provided by most councils nationwide. Hammersmith and Fulham Council subsidises week-long seaside excursions for pen-sioners to go "On The Ram-page" in unsuspecting resorts.

How should the elderly make sure that they are getting the best value for their money? The rule of thumb must be that in finacial matters either the DHSS or the Citizens Advice Bureaux can give detailed individual advice on benefit entitlement, and Age Concern's local office is always receptive to anyone needing advice. For locally organised events and benefits it is a question of keep-ing a weather eye out for what may be available from councils and voluntary bodies.

Most pensioners' pressure groups argue that if the state pension were adequate no dis-counts would be necessary: the best things in life may be free, but not when they come in the form of handouts.

One good source of informa-tion on financial benefits avail-able is Age Concern's 1985 booklet for the elderly entitled "Your Rights." It costs 65p from Age Concern, Bernard Sunley House, 60 Pitcairn Road, Mitcham, Surrey CR4 3LL.

Martin Baker

Volatile market hits trusts

Investment

ECENT JOLTS and about-:rns in the financial markets ive encouraged investors to ek safer homes for their oney, and some have been oking at general investment usts.

They have discovered that en the biggest trusts are not imune to the quirks of :change rates and stock arket indices. A glance at me of the leading *trusts* iows that their performance er the past year has varied cording to their susceptibility two problems in particular. The first of these has been e sterling/dollar exchange ite. Last year most trusts ought the dollar was approach-g its peak and reduced their sposure through extensive edging. But the dollar con-nued to rise until March this ear, and the trusts' hedging aly eroded the increased sterl-g value of their U.S. assets.

The second problem has been e weakness in the share prices smaller, quoted companies. any trusts have invested more their funds in smaller com-anies, particularly in the U.S., ecause of their higher growth otential. The last year, how-ver, has not been good for nall companies and for those the high technology sector it as been disastrous. So it has en difficult for the trusts to ven match stock market indices hose performance is influenced the weighting given to blue hip stocks.

Against this background we ok at the larger Globe Invest-ent Trsut, whose total assets re about £666m. Globe's size nds to limit its flexibility, but has recently tried to shake ff its stodgy image by concen-ating its investments in fewer ompanies. In its year to March cut its UK portfolio from 65 50 holdings. Many were rge, and some—Hanson Trust, rgyll Group and Dee Corpor-ation—highly profitable. But Globe also signalled the start of a more aggressive stance in the small companies sector when it took a 20 per cent stake in Waterford Glass for £14m last August.

Overall performance, how-ever, was constrained by over-enthusiastic hegding against the dollar. Some 25 per cent of Globe's investments are in U.S. equities and it was 67 per cent hedged on these at the year end. Although Globe's 10 per cent dividend increase was above the 6.1 per cent rise in retail prices over the period, the 12.1 per cent increase in net asset value per share com-pared with a 17.6 per cent rise in the FT-Actuaries All-Share index.

Edinburgh Investment Trust, with net assets of about £513m, merged with Scottish United Investors in 1983 and pooled its management resources with those of First Scottish Ameri-can and Northern American under the Dunedin Fund Man-agers banner at the end of 1984. These moves have stretched its management resources but the trust is consolidating and per-forming well.

Some 36 per cent of EIT's portfolio is invested in the U.S., yet in its year to March net asset value rose by 17 per cent, in line with the FT-Actuaries All-Share index, and the divi-dend was increased by 14 per cent. This is because the EIT's hedging against the dollar, at some 30 per cent during the year, was not as extensive as that of other trusts. It also rationalised its U.S. equity port-folio, reducing its holdings from 94 to 63.

Scottish Mortgage and Trust, with assets of about £370m, is run by Baillie Gifford, the Edin-burgh investment group. It has about 120 holdings, which is low compared with other large trusts. This gives it a higher risk profile but allows more flexbility. In its year to March it hedged out of dollars into a mixture of yen and sterling so it suffered less from the strength of the dollar than some. It also reduced its exposure in the U.S., bringing part of the money back to invest in the UK.

In the UK, Scottish Mortgage saw two of its largest holdings, BTR and Burton, rise by 43 per cent and 59 per cent respec-tively, and the buoyancy of the UK stock market led to a 17 per cent increase in its dividend and an 18 per cent increase in net asset value per share.

Electra Investment Trust, in which Globe has a 26 per cent holding, is unique because more than 50 per cent of its invest-ments are in unlisted companies and it is increasingly taking on the role of a merchant bank. Electra is also committed to involvement as a principle in specialist financial transactions such as management buy-outs, and to increasing earnings from fees for underwriting, syndica-tion and corporate finance work. An example of its new style is its plan to set up a £300m fund for use in large UK management buy-outs with Candover Invest-ments (of which Electra and Globe each hold 12½ per cent).

This had hardly affected earn-ings in its year to March and most of its increase in asset value resulted from the buoyancy of the UK stock market which enabled it to cash in the successful and mature unlisted investments in its port-folio at an increase in valuation. The dividend rose by 6.8 per cent and net asset value per share rose by 27.7 per cent.

Atlantic Assets Trust pursues capital growth through a small

FIVE GENERAL INVESTMENT TRUSTS
(Position as at July 19 1985)

Trust	Estimated total assets at par (£m)	price (p)	net asset value (pence per share)	discount (%)	gross yield (%)
Globe Investment	666	260	350.4	25.8	5.4
Edinburgh Investment	513	106	144.2*	26.5	3.8
Scottish Mortgage	370	349	466.1	25.1	3.1
Electra Investment	262	127	161.1	21.2	4.2
Atlantic Assets	164	101†	131.5	23.2	0.8

* Adjusted for warrants. † Cum dividend.

Source: Wood, Mackenzie

number of holdings in listed and unlisted companies, and its biggest 20 holdings represent 80 per cent of its portfolio.

The main feature of its year was the success of its hedging operation. It was exposed to the dollar during the currency's rise and the 62 per cent of its portfolio invested in the U.S. benefited from the shift in exchange rates. It then hedged in late February as the dollar turned downwards. Fourteen of its biggest holdings were in the U.S., largely in listed com-panies, so it had a 20 per cent rise in net asset value against a 17 per cent rise in the FT-Actuaries All-Share index over the same period.

●

EVERYTHING YOU always wanted to know about invest-ment trusts but were afraid to ask is contained in the latest edition of How To Make IT, private investor put out by the a paperback guide for the Association of Investment Trust Companies.

Section 1 contains a beginner's guide to invest-ment trusts; what they are, how to buy shares in them, and how to monitor their performance. Technicalities such as gearing, discounts and taxation are explained in simple terms.

Section 2 provides an industry analysis aimed at helping investors choose which trust best suits their needs. Trusts are classified under investment policy categories; subsequent tables rank each trust's underlying assets under headings such as "geographical distribution" and "sector distribution."

The rest of the book is a directory listing all the trusts. This gives details of each one's investment policy, their assets under management, geographical and sector distribution, and historical records. There is also a use-ful glossary.

The title may be contrived but the book is an indispens-able guide to this sector for the small investor. A wealth of statistical information is kept reasonably up-to-date through annual revision. More experienced investors may find it a *little* basic: for them the association publishes the Investment Trust Year Book.

How To Make IT: Your 1985-1986 Guide To Investment Trusts; Association of Invest-ment Trust Companies: Wood-head-Faulkner (Publishers), Fitzwilliam House, 32, Trump-ington Street, Cambridge CB2 1QY: £3.50 including post and packaging.

Richard Tomkins

Tied homes offer tax benefits

Perks

ROOF over his head is often ie most tax-effective perk an nployee can receive—due not tax law but to Inland evenue practice. Changes itroduced last year impose an dditional tax burden on mployees occupying up-market ccommodation.

Rules on taxation of cut-price ccommodation are set out in he 1977 Finance Act. A few ategories of employee escape ax altogether. Essentially, eople whose jobs require them live in a home provided by heir employer.

Leaving aside such fortunate haracters as lighthouse keepers nd the Chancellor of the Exchequer, the vast majority of ccommodated employees will ay tax for the privilege. Each ear the accommodation is vailable the employee will be reated as having received extra alary equal to the "annual alue" of the accommodation ess whatever rent he actually ays. "Annual value" is lefined as the rent which the mployer could have obtained rom letting the property on the pen market.

If employees really did pay ax on the true rental value of he property the tax-saving ttraction of the perk would lisappear: an employee might ust as well take extra salary nd find his own home. In fact, he Inland Revenue almost in-ariably accepts that the "annual value" of a property is the same as its gross value for rating purposes. (This naturally saves the Revenue a great deal of valuation work, and has the justification that the statutory definitions of the two values are identical.)

Whatever the Revenue's motivation, their attitude opened up an enormous conces-sion. Though a property's rate-able value is supposed to reflect market value, rate valuations tend to be rather conservative. Anyway, current rateable values were fixed as long ago as 1973. The result is that, in 1985, the rateable value of a property rarely exceeds 1 per cent of its capital value, while its market rent will usually be around 10 per cent of capital value.

So an employee living rent-free in a company flat worth, say, £50,000, may find himself taxed on £500 per annum, whereas renting an equivalent flat might cost him as much as £5,000 per annum.

This well-established conces-sionary Revenue practice was highlighted by a recent Parlia-mentary written answer given by the Financial Secretary to the Treasury, Mr John Moore. He announced that, following

the recent rating revaluation in Scotland, Scottish employees provided with accommodation will continue to be taxed on the basis of previous rateable values. The Government was concerned that, without such a concession, Scottish workers would have suffered unfair discrimination.

There are two circumstances in which this Revenue giveaway may be lost: First, where the property is abroad. Since there will be no rateable value the Revenue will do their best to assess the true market value. Second, where the company itself has leased the property and pays a rent higher than the rateable value of the pro-perty. The employee is then taxed on rent actually paid by the company.

Take the example of an employee living rent-free in a £50,000 flat where the rateable value is £500 and the rental value £5,000. If the company bought the flat on a long lease, paying only a nominal ground rent of less than £500, the employee will only be assessed to tax on £500. If the company takes a year-by-year lease at an annual rent of £5,000, the employee will be taxed on the full £5,000.

Employees should also be aware that the Revenue's generous approach does not extend to payment by employers of outgoings on property, such as rates and gas and electricity bills. The employee will be assessed to tax on the *full* amount of any payments of this kind.

Employees occupying com-pany accommodation costing more than £75,000 have faced an extra tax charge since April 1984, levied on the amount by which the cost of the property exceeds that sum. The excess sum is regarded as an interest-free loan made to the employee: for tax purposes he is treated as receiving extra salary equal to the cost of the loan at the "official" rate of interest, currently 12 per cent.

Suppose, for example, that an employee is given rent-free occupation of a house which cost his company £100,000, which has a rateable value of £1,000. The *employee will be* taxed on annual value of £1,000 plus a further £3,000 (12 per cent of the £25,000 excess cost over £75,000)—a total of £4,000. Here, the cost of the property is taken as the aggregate of the purchase price paid by the company and the cost of any improvements.

In inflationary times, using the purchase price rather than the market value will obviously work in th employee's favour. There is a limit to this, how-ever. If the property was first occupied by the employee after the 31st March 1983 and was owned by the employer for at least six years before the employee's occupation began, then market value—which *means market value assuming* vacant possession—is substi-tuted for purchase price. It disregards the effect of any option which the employee may have to purchase the property.

David Cohen

Briefcase

When zero applies

There seems to be a little known fact that some landlords and estate owners have collected VAT on service and maintenance charges without any authority from VAT authorities and putting these funds to their own bank account for general use—not informing the VAT authorities. VAT on service and maintenance charges was exempt in April 1974. The above procedures were operated by our late freeholders who, after investigation by VAT and the Inland Revenue were instructed to refund the residents overcharged VAT as from 1974 to 1982 (they sold out to the present freeholders). Their chartered accounts were also "disciplined" by their society.

During these investigations it was revealed that VAT distinguished service charges and maintenance charges as separate items chargeable, declaring the same to the present freeholders.

In our view the service and maintenance charges should not have VAT added to them. They should either be zero rated, exempt or outside the scope of VAT. Therefore in all cases no VAT should be chargeable. If your landlords have been charging VAT you should ask them for the authority for so doing.

The executors of the last surviving executor of the grand-father would have a duty to act as personal representative by representation of the grand-father and to execute any necessary assent, (assuming that there are no special *personal representatives* under the Settled Land Act 1925). If necessary you should retain a solicitor to enforce the carrying out of that duty.

Reversionary interest

REVERSIONARY INTEREST

My wife, who died in November 1982, was left by the will of her grandfather (died 1934) a reversionary interest in a terraced house which was to pass into her possession when a tenancy for life granted in the same will ended on the death of her mother, daughter of the grandfather. She died in May, 1980, but at no stage was any deed of assent to a change of ownership made by the two executors to the grandfather's will.

One of these I cannot trace but it is virtually certain that he is deceased. The other I managed to trace only after his death in 1983. His executors are unwilling to act in any way in lieu.

What procedure can I now pursue to get a deed of assent made to the transfer of the ownership of the house to me, the sole beneficiary of my wife? Can the Public Trustee act in lieu of the original testator's executors or is there any other course available to me and my solicitors?

Plans to be Postman Pat

I am a 36-year-old local govern-ment officer with 15 years' con-tinuous service. It is my eventual intention to retire at 51 when I will become eligible for a full local government pension under the terms of a Local Voluntary Early Retirement Scheme.

To prepare for my retirement, I have been seeking some other means of long-term security, and an opportunity has just presented itself. A local sub-post office, together with living accommodation, is available for purchase.

It is my intention to purchase the property, to retain my own job, and to appoint my wife as the sub-postmistress, with assistance from my father. It is also my intention to remain in my present home, and let the living accommo-dation attached to the sub-post office, to effect part of mortgage repayments.

My house is valued at £50,000-£55,000 and my mortgage is small — only £3,000 with the local authority.

I would be obliged to receive any suitable advice regarding the method of financing the purchase of the sub-post office, my objectives being to maxi-mise the benefits of tax relief on a mortgage, and to borrow as much money as possible, at competitive interest rates.

Have you consulted the solici-tor who will be acting for you in the purchase? Even if the solicitor cannot help personally, he or she should be able to recommend an accountant with whom you and your wife can discuss your plans and ideas. There is really no adequate sub-stitute for face-to-face discus-sions in a situation like yours. You can prepare for such a dis-cussion by asking your tax in-spector for the following free pamphlets. IR11 — Tax treat-ment of interest paid; IR13—Wife's earnings election; IR27—Taxation of income from real property; IR28—Starting in business.

Offshore silence

I wonder if you can tell me whether a bank in Guernsey (being a part of a UK banking group), holding a deposit which yields interest above the limit which UK banks notify to Inland Revenue, for a British national resident in UK, declares this interest to the Inland Revenue?

No (by virtue of the opening words of section 17 (4) of the Taxes Management Act 1970).

Australian shares

I hold shares registered at the company's registry at Sydney, Australia.

So, I receive my dividends in Australian dollars, and have to have these exchanged for sterling.

Each time I receive a dividend, I have to write a letter to the bank. There is usually a prolonged delay before I am notified of the amount of sterling which has been credited to my account. In fact, it is usually necessary to send at least one reminder —or I would not receive this information (or a tax state-ment) at all. Although, of course, banks make a charge for doing this.

I am wondering whether there is any advantage in having the shares registered in *Australia*—whether they would be outside the jurisdiction of legislation (about shares and dividends) which any future Government might introduce.

If there is no advantage in having the shares registered in Australia, I might as well ask for them to be re-registered at the company's registry at Beckenham, Kent—when, presumably, I would receive dividends in sterling.

It is unlikely that registration in Australia will offer a material advantage against the kind of legislation which you envisage unless you keep the dividends abroad, so re-registration in England may be preferable because of the immediate advan-tage offered.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Eric Short on better pension deals in line for divorcees

Ex-wives and the widow's pension

NOT SO long ago it was normal for couples involved in divorce proceedings completely to overlook a major family asset when they were dividing up the matrimonial property: the pension benefits accrued by the husband in his company pension scheme.

However, the publicity given to pensions in recent years has drawn attention to the value of these rights — a value that is in many cases on a par with the worth of the matrimonial home. Women began to realise that they should pay more, not less, attention to the pension position on the break-up of their marriage.

As far as the wife is concerned the pension scheme provides financial security to her on the death of her husband in two forms.

First, should th husband die while still working the scheme provides a lump sum payment plus a widow's pension—the latter usually relating to the *husband's potential service* with the company.

Secondly, when the husband dies after retirement, a pension of half the original amount is paid to the widow for the rest of her life.

The need for financial security is of particular importance in two sets of circumstances.

The first relates to a young woman who aftre divorce brings up the children and is receiving financial help from her ex-husband. Should he die before the family is off her hands she may get into deep financial distress.

However, under normal scheme arrangements, the widow's pension can only be paid to the employee's legal widow at the time of his death. Trustees usually have the power to make discretionary payments *to dependents of the* deceased employee. They can and often do help young ex-wives with a family. But this is very much an ex-gratia arrangement.

Further, the payment of the lump sum death-in-service benefit is, for tax reasons, at the discretion of the trustees.

However, trustees do endeavour to ascertain the wishes of the employee on the *payment of the lump sum and* employees can indicate that they would like part of the money to go to the ex-wife. On the other hand employees can, and often do, state that they do not want ex-wives to get a penny.

So forthe young woman with *a family, financial help from the* ex-husband's pension scheme is on a grace and favour basis.

The second situation relates to the case of a woman divorced late in life who either has not worked at all or has only worked *for a short time subsequent to* bringing up a family. She does not have the time to acquire an adequate pension in her own right before retirement.

A divorce settlement could make up a financial shortfall while the ex-husband is alive. But when he dies, the pension goes to his widow and there is *little the company scheme can* do except on a discretionary basis.

Any attempt to include pension rights in a divorce settlement has been blocked by the existing framework, since trustees can only pay widow's pension to widows, not ex-wives. The only solution under present circumstances is for the wife to get the husband to use part of his assets to replace the foregone pension benefits with a life company contract. This solution works if the husband has assets outside the pension, but obviously not otherwise

The other solution is for the ex-wife to remarry and secure the benefits of her new husband's pension scheme, if there is one.

The problem of pension rights on divorce was highlighted during discussions on the Matrimonial and Family Proceedings Act 1984. As a result the Lord Chancellor's Department has *been considering the problem* and this week it published its proposals for a solution.

The scheme put forward by the Lord Chancellor's department, to give divorcees a fairer pension deal, stripped of its legal language, is as follows. The text relates to women but *the scheme would apply equally* to men.

● The the time of the divorce or annulment, the wife would apply to the court for recognition that she could claim her share of the benefits from her ex-husband's pension scheme at the time of his death.

Essentially at this stage the woman is getting legal recognition of her right to make a claim in the future. The granting of such right will not be a formality. The court is likely to make the grant only if it is satisfied that the wife could *suffer financially in the future.* Thus the court will consider such factors as remarriage prospects and whether the wife is herself a member of a pension scheme.

The wife has two years from the date of the decree to apply to the courts to establish her claim. The claim lapses if she remarries, but cohabitation does not affect the right. The granting of the right does not mean that the woman will automatically be entitled to part of the benefits when her ex-husband dies. This leads on to the second stage.

● On the death of her ex-husband, the woman, assuming she still holds the right, applies to the court for an order which would require her ex-husband's pension scheme to pay part of the widow's pension and the lump sum benefit to her.

In granting this order the court would take all relevant factors concerning the woman *into consideration, including* the financial resources of the woman, her earnings capability, her age and the age of her ex-husband's legal widow and many other factors listed in the document.

If the court upholds the ex-wife's application it will make an order instructing the trustees of the ex-husband's pension scheme to pay part or all of the widow's pension and the lump sum benefit to the ex-wife.

These payments would be made until the ex-wife died or remarried and would continue if the woman was cohabiting.

The proposals do not envisage that the pension scheme should have to provide two benefits, one to the widow and another to the ex-wife. Instead, there is a division of the existing benefits between two or more women claimants (according to how many ex-wives the ex-employee had).

Thus the benefit to the widow would be cut. But her rights are not overlooked in the proposals. She would be a party to the court's investigations prior to the granting of any order and would be able to state her case.

One obvious problem in these proposals is that the ex-wife may not know about her ex-husband's pension scheme—he could join one after the divorce—and she may not be aware, for that matter, of his death.

The proposals impose a duty on the ex-husband to keep his ex-wife informed of pension benefits (although few husbands tell their current wives about this, let alone ex-wives). And *presumably the administrators* of his estate would inform the ex-wife of his death.

The Lord Chancellor's Department is keen to get the views of pension administrators on how to run such a scheme without involving trustees in the legal proceedings. Whatever happens, though the number of cases is likely to be small, the extra administration will be onerous.

The scheme as described applies to men who are members of occupational pension schemes. The Department also wants the scheme to apply to the self-employed, but here it has problems. First, the self-employed man does not have to take out a pension anyway, and secondly he does not have to provide for his wodow. Often the pension taken dies when the self-employed person dies. However, the document seeks views on the position of the self employed.

Details of the proposals, which at this stage are in the form of a discussion document, can be obtained from Mr Howard Redgwell, Lord Chancellor's Department, House of Lords, London SW1A 0PW, price £1.

The department is interested in views and comments on the proposals so anyone interested should present views by November 30 1985. However, any legislation resulting from the proposals is unlikely to be enacted during the lifetime of the present parliament.

A small investor suffers

Stockbrokers

STOCKBROKERS are beginning to pay more attention to the small investor as they view the prospect of wider share ownership and the threat of increased competition in their own lucrative market.

They are rather shocked to discover what small investors think about them. Many of our readers will be unsurprised to learn that the general public view stockbrokers as unapproachable. But seven of the most artistocratic London stockbroking firms had to *commission a study to find this* out.

It is clearly valuable information for the brokers. IFT Marketing Research, which conducted the study, is charging £3,500 for a copy of its findings.

Mr Barnes, a retired civil servant living in the West *Midlands, is typical of many* readers in his perception of stockbrokers. He has been dealing in the stock market on a fairly small scale for many years; he reckons he is a fairly active investor. He has a portfolio worth around £70,000 and makes between 10 and 20 transactions a year, of about £2,000 each.

For several years his brokers were Charles Stanley, a London-based firm with branches in East Anglia. On the whole, he says, they gave him good advice over the years.

Feeling that he was no longer getting the *service he wanted,* he decided to change brokers. He read the marketing blurb of three: Phillips and Drew, Savory Milln, and Simon and Coates. He decided to approach Savory Milln in the belief that because they were smaller than the other two he would get a more individual service. But he says he has been very disappointed and the move has cost him money.

After reviewing his portfolio *his new broker advised him to* sell his shares in George Wills and Sons, because they offered little potential for further growth. Instead, he was advised, he should buy Cadbury Schweppes. Mr Barnes took the advice and sold George Wills, but being a cautious man he invested only half of the proceeds in Cadbury Schweppes.

He is glad that he did not commit any more funds. In a matter of weeks George Wills shares were trading at 30 pence above his selling price, while Cadbury Schweppes have not moved above the price at which he bought them. They are presently 17 pence below.

Somewhat discouraged by his experience with Wills, Mr Barnes stayed away from the market for a few weeks. He then started watching the movements in Arthur Bell shares, which gave him a modest profit *last year.* Seeing the share price slip after their interim results, he considered buying. He first telephoned Savory Milln for their view. Not a share we can recommend, they said; the price could well fall further.

Mr Barnes nonetheless instructed them to buy 2,000 shares if the price slipped to 135 pence, which it did. After a further drop the share price started climbing fairly quickly to 160 pence.

Mr Barnes says he smelt a possible bid, but Savory Milln advised him to sell them and take his profit. Mr Barnes was then appalled to see the share *price climb to 270 pence in a* matter of three to four days, capped by a bid from Guinness which is still being fought out.

No broker claims to be infallible, and it is shortsighted to judge them on the basis of one or two bad tips. A couple of bad experiences can, however, turn a customer sour. Mr Barnes has now moved back to Charles Stanley though he intends to rely more on his own judgment. He says that he would expect a broker to be better informed than his experience with Savory Milln indicated.

The Financial Times would like to hear about your experiences with your stockbroker — good and bad. Does he give you good service now? Are you worried that he will not talk to you any more after the Big Bang?

Please write to Margaret Hughes, Financial Times, *Bracken House,* Cannon Street, London EC4P 4BY.

Margaret Hughes

ABBEY UNIT Trust Managers is sponsoring a fund to invest in unquoted companies under the Business Expansion Scheme. The fund is a departure from Abbey's normal range of authorised unit trusts. It will be managed by Hodgson Martin, the Edinburgh-based investment and venture capital managers.

Abbey wants to bring the idea of the business expansion scheme to a wider public, and will market the fund through advertising, financial intermediaries and a select band of its own sales agents.

These will be the top rank of those already permitted to sell unit trusts, and will be restricted—as with unit trusts—from such practices as cold calling. Investors will have a cooling off period in which they may change their minds *and withdraw from the fund.*

The minimum investment is £2,000, on which investors may claim tax relief at their highest marginal rate. Abbey has arranged for unsecured loans from the Bank of Scotland to be available to cover the portion *of the investment that will be* returned as tax relief. The interest rate on these loans is 2.5 percentage points above base rate.

●

DON'T hold your breath wait*ing for the new era of co*-operation between building societies and unit trust groups to dawn. You will have to wait before you can pop into your local branch of the Halifax and snap up the latest line in smaller company funds.

What you can do is pay the dividends from your unit trust investment into a building society account—and Henderson is making this simpler by putting the two into a package.

Its Flexible Income Plan ties an investment in four Henderson income unit trusts with a Cardcash account at the Halifax Building Society. With a minimum investment of £2,500, 80 per cent of your money goes into the unit trusts and the remainder into a Cardcash account, which pays interest and serves as a collection point for the unit trust dividends.

You can withdraw money from Halifax cash machines, or pay it into a bank account each month. Cardcash has free standing orders.

The four Henderson funds—Income and Growth, Income and Assets, Fixed Interest, and Gilt — with the 12 per cent gross interest on the Halifax account should give an initial gross yield of 8 per cent.

Hill Samuel recently launched a similar scheme in conjunction with the Nottingham Building Society — but with less flexiblity and higher minimum investment. Unlike the Nottingham, the Halifax is playing no active part in the unit trust scheme, although it is happy for its account to be used in this way.

There is no reason why you cannot set up the same sort of scheme for yourself, with your choice of building society and unit trusts.

●

AMERICAN Express is offering its cardmembers a simplified form of medical insurance when they travel overseas. For one premium a year, they will be covered when they go abroad for up to £1m of medical expenses.

The policy covers journeys up to three months long by cardmembers and their immediate family travelling with them, and American Express will fly you home by air ambulance if necessary.

The premium is £45 a year, so regular travellers could pay less than if they take out separate medical insurance for each trip.

Amex quotes a study by the Economist Intelligence Unit which says the average business traveller makes 21 trips a year, and pays an average of £10 on insurance for each trip. The full American Express insurance package, which includes motor and personal insurance in addition to the medical cover, costs £105 a year.

"Which Holiday," in a 1985 survey, said that a family of two adults and two children would typically spend £140 on travel insurance for a two-week trip. The American Express policy would be cheaper than this, because immediate family members are covered by the same premium.

Money makes divorce go round

DIVORCE may not start out as a mater of pounds and pence—but financial claims soon dominate. Even when cold calculation takes over, it may not always be clear what is the best course to follow.

Mary Porton (a pseudonym), was 52 when her husband left her last year. "At the time I was very unwell and the trauma was so great I maintained that I would never divorce, and he would have to wait for five years."

She is calmer now, and sat down to work out what state pension she would be entitled to if she divorced now, or waited. Getting an answer from the Department of Health and Social Security, however, was easier said than done. They could not let her know until she told them the date of her divorce—but what she wanted to know was the best date for the divorce.

During her 25 years of marriage, Mrs Porton paid National Insurance contributions at the married woman's reduced rate. On these contributions alone, she qualifies for less than half the full basic pension of £35.80 a week.

If she never divorces, she will qualify for a state basic pension on her husband's NI contributions — but only at the reduced rate of £21.50 a week, and not until her husband retires. This is because separated but not divorced women are still considered *"dependent" on their husbands.*

Since he is six years younger than her, she could have a long wait. If he retired at the usual age of 65, she would still receive no pension until she was 71. If he worked on after retirement age, she might have to wait even longer.

If they divorce before she is 60, his NI contributions up to the date of their divorce can be counted towards a state retirement pension. She can claim this when she retires at 60, regardless of the fact that he *will then not have retired.*

Mrs Porton may need some additional NI contributions in the years before she retires to qualify for the full retirement pension. This should not be a problem, as she is now working.

As far as the basic state retirement pension goes, then, Mrs Porton may he better off if she divorces her husband. Her entitlements under her *husband's company pension* scheme, however, are a different matter.

DHSS booklet NI 95, "Divorced women," gives further details, but although much of the DHSS literature has been simplified, it is still *far from simple.* "The first hurdle in getting a state benefit is understanding the government literature," comments the action group Age Concern. "Many pensioners fall at the first hurdle."

George Graham

Exit, pursued by a credit card

Charge Cards

IT IS EASY to understand how Brazil and Mexico and the rest of the third world debtors ran into trouble. They probably received the same mail I have been getting.

"CONGRATULATIONS," it usually says. "YOUR EXCELLENT CREDIT RATING ALLOWS US TO WAIVE THE USUAL APPLICATION PROCESS . . . INSTANT CREDIT IS YOURS FOR THE ASKING."

While I have no mineral riches, fertile farmlands or oil deposits—assets which the big banks thought would guarantee repayment by the developing countries—I do have what American Express assures me is "a superior credit rating." It was acquired by years of paying a fraction of most of my bills quite regularly.

Day after day, the unsolicited offers of credit pour in. In recent weeks, these have included approval for a Mobil Oil charge card, higher credit limits from several department stores and a pre-approved American Express gold card, which, it seems, I have "earned through years of financial responsibility."

When I last dared to total my current credit card debt, the sum had grown to nearly a quarter of my yearly income.

The astonishing figure produced a spine-chilling fear, yet no one but me seems worried about my impending financial ruin. Without the International Monetary Fund to force them into it, the banks have not abated by one whit their offers of more credit.

From one California bank came the offer of a Mastercard with a $2,000 credit line and more if I want it. The card carries with it a special travel plan with cash rebates on lodging, airline tickets and car rentals along with a cash credit line—all for monthly payments of just 3 per cent on the balance. If this 3 per cent is too burdensome, I may also be provided with another option of skipping at least one payment at the end of the year.

Another bank sent me a "select" Visa card along with a $1,000 cheque, which I sadly destroyed after reading in the fine print that it would cost me 21 per cent anually. Equitable Bank NA, then offered me an "equity line" of revolving credit, which would "convert" my house into cash—if only I owned a house.

I knew I had really arrived as a credit risk when American Express offered me its top-of-the-line, most prestigious of all charges, the platinum card. The privileged

bearers of this card pay $250 a year, but it entitles them to cash checks for up to $10,000 a week at their nearest American Express office, to get $1,000 in cash for automatic teller machines and to hold membership in any of 25 international private clubs.

The credit card providers are phenomenally successful in their pursuit of the American consumer. In each of the first five months of this year, the growth rate in U.S. consumer instalment credit averaged 21.5 per cent. Consumer liabilities totalled $2.26 trillion on March 31, up from $2 trillion a year earlier.

According to the chief economist at Cyrus J. Lawrence, U.S. consumer liabilities which include mortgages, instalment and bank loans and other debt soared to a record 72 per cent of personal income in the first quarter and has been rising ever since. The last time consumer liabilities peaked, at what was then a record level of 68 per cent of personal income, the U.S. economy fell into the recession of 1981.

As a patriotic American, I *know it is my duty to keep* the consumer-led recovery going—to keep revving up the "mighty engine" of the world economy. But as I sink more deeply in debt each month, I know I am approaching the limit of my resources — and I am by no means alone.

Nancy Dunne in Washington D.C.

The art of being a Name

Lloyd's

PAINTINGS have been a popular way of improving the pay packets of underwriters working in the Lloyd's insurance market. The French Impressionist Camille Pissarro has been particularly favoured, and featured prominently in the Alexander Howden scandal.

Until now, however, it has not been possible for Lloyd's members to use pictures or other works of art as proof of their *ability to meet any insurance* claims that may be made on them.

Lloyd's brokers Hogg Robinson have now got together with Sotheby's, the auction house, to allow names to use their works of art as the backing for a bank guarantee, which can be used as a Lloyd's deposit.

Prospective Lloyd's members have to demonstrate wealth of at least £100,000 to be accepted as underwriters. Their principal homes, cars, furniture, pictures, jewellery or livestock are not accepted by the Lloyd's authori*ties for this means test.*

If they will be underwriting £200,000 a year of business, they must then deposit £50,000 with Lloyd's in the form of listed securities—mainly gilts—letters of credit or bank guarantees.

Banks will usually charge around 1 per cent of its value for a guarantee. They cover themselves by taking a charge over some assets.

But banks will not usually accept works of art as the collateral unless the art itself is lodged in their vaults. It is too *easy for someone to abscond* with a Rembrandt, leaving the bank guaranteeing the debt.

Under the scheme dreamed up by Hogg Robinson and Sotheby's the bank—Barclays—will be insured against the disappearance of the Rembrandt by Sun Alliance Insurance.

Lloyd's itself plays no direct part in the scheme, but its authorities will be grateful. They are eagerly trying to drum up more underwriting capacity by increasing the amount that one name may cover and by enticing new members to join.

If you sign up for the scheme, Sotheby's will come along and value your collection. You will then get a bank guarantee for 35 per cent of whatever figure they come up with, which you can use as part of your Lloyd's deposit.

If the worst comes to the worst and you cannot meet your underwriting obligations, Barclays will pay Lloyd's the amount of its guarantee. It will then reclaim this sum from Sun Alliance, which may send in the bailiffs to hock your prized Memelings.

Of course, the market in Flemish Old Masters could have collapsed by the time all this happens. But Sotheby's is confident that guaranteeing only 35 *per cent of its valuation gives* it some leeway, and is committed to paying this sum to Sun Alliance. Anything extra that your paintings fetch at auction goes to you.

The entire exercise will cost you 2 per cent a year of the value of the bank guarantee, though you might also have to upgrade the damage and theft insurance on your works of art. But the participants are very cagey about revealing what cut each of them gets from this fee.

Some observers believe Sotheby's can scarcely be breaking even on the costs of carrying out valuations for the scheme, but will be content simply to get its foot through the art collector's front door. It employs teams of elegant young men who prowl the country heving tea with duchesses, cajoling them into auctioning

the family heirlooms through Sotheby's rather than its rival Christies.

The scheme will allow collectors to create an income from their works of art—provided their Lloyd's syndicates do not present them with the kind of losses now familiar to members of the Richard Beckett syndicates. But Sotheby's does not want to be seen encouraging people to buy works of art merely as investments.

"We only want to make it easier for people who want to buy works of art for their own sake."

The categories of art that Sotheby's will consider for the scheme include paintings and drawings, furniture, jewellery, silver, clocks, coins and medals, antique musical instruments and carpets. *But a Hogg Robinson representative, in an* audible aside, said: "We won't be accepting any Pissarros."

George Graham

Poor prospects for long-term tenants

BRITISH citizens are being cut out of London's rental housing market because landlords find it safer and more profitable to rent to foreign business people and holidaymakers, estate agents say.

Business is booming for agents specialising in company or short-term holiday lets, but the market is becoming increasingly limited for prospective long-term tenants who can't afford to pay £100 a week or more.

"It's very bad, frantic," said Miss Linda Spence, of the City Accommodation Bureau. "Homes come in, but they go very quickly."

Estate agents blame the tight market on the 1977 Rent Act, which was designed to protect tenants from greedy landlords.

In spite of support for relaxation of the Act from the Prime Minister, the Chancellor, the Environmental Secretary and the Housing Minister, the Government last month decided not to tackle the issue.

The Act provides procedures for setting and increasing rents and also guarantees that tenants will not be thrown out without proper notice or reason.

It lists more than 17 reasons why a tenant must leave, including failure to pay rent, breach of contract or being a nuisance. Many landlords, however, say court procedures take months and sometimes are not successful.

"What has happened is landlords are terrified that if they let out to a local family, they will stay there forever at controlled rents," said Mrs Sandy Smith, of Hunter and Co.

"There are people who would rather leave flats empty because they are afraid they won't get them back."

The Rent Act excludes company lets and holiday flats from its provisions, which may be one reason why those markets are doing very well. "If someone is looking for a genuine short-let flat, we can certainly help them, provided they're not in the property for more than 13 weeks," said Miss Louise Hewlett, of Aylesford & Co.

She estimated that weekly costs for a holiday flat in central London range from £300 to £500. The same flats, rented by a company on a yearly basis, would cost £150 to £250 per week, she said.

While not as high as this, costs for permanent residents are still not cheap, provided housing can be found.

An informal survey of estate agents found that many one-bedroom flats in central London are let for between £80 and £300 per week, depending on location and amenities. On the outskirts of London, a one-bedroom flats costs £50 to £80 per week.

Two-bedroom flats in central London start at about £110 per week and can go as high as £700, agents said. On the outskirts, a two-bedroom flat might cost £70 to £150 a week.

The limited housing supply — caused partly by the Rent Act — is helping keep costs high, agents say.

Environment Department figures released last year show that in 1984 only 11.1 per cent of Great Britain's housing stock was for rent. In 1974, 16.3 per cent was available for rent.

"The main problem is that people cannot find tenancies because the people who own property don't make it available for letting," said Mrs Susan Iwanek of the British Property Federation. "In many areas they decide to furnish it and make it available for high-class renting outside the Rent Act."

She said the Rent Act is keeping permanent residents on the losing end of the rental market game. "The Government introduced the Rent Act to protect people of this country, but in fact, they are the very people who have lost out" she said.

Mrs Iwanek said she has noticed a growing trend to buy homes, even among people who don't really want to, because buying may be cheaper than renting.

The Rent Act should not be done away with entirely, but it should be eased to provide financial incentives for developers willing to invest in rental property, said Tim Melville-Ross, chief general manager of the Nationwide Building Society.

At the very least, the concept of "assured tenancy" and "approved landlords," should be extended to cover existing housing, he said.

Approved landlords, after being granted that status by the Department of the Environment, are excluded from provisions of the Rent Act. However, the law covers only new housing.

"Given the peculiar structure we have, with many incentives to buy houses but no incentives to invest (in the rental sector), we are ending up with owner-occupiers too early in life," Mr Melville-Ross said.

Julie Appleby

North and South Manor, Strathwell Park, Isle of Wight, is two five-bedroom sections of a restored 18th century property. They cost about £165,000 for both or can be bought separately. Details Creasey & Jeffrey, 139 High Street, Newport 0983 52541.

Hedgerows, trees and fresh sea air

ENLIGHTENED planning policies and the vigilance of local conservation groups have helped the Isle of Wight to retain much of the pastoral quality so beloved of Queen Victoria. "It is impossible to image a prettier spot," she wrote in her diary when she built Osborne Houpse in Cowes as her holiday home in 1845.

The diamond-shaped island, 26 miles by 12, inspired other literary Victorians. Charles Dickens wrote much of *David Copperfield* while staying at Winterbourne in Bonchurch; and along the way, at Madeira Hall, Lord Macauley worked on *his History of England*. Walking the cliffs at Shanklin, Keats made a start on *Endymion*.

The present Isle of Wight *Structure Plane Review* reveals that development is being encouraged if it is on the right lines. Land is being made available outside the green belt and "restraint" areas for up to 4,700 homes over the next 10 years or so, according to the planning architect Mr S. H. Greenen. But developers are expected to take advantage of views, retain as many existing trees, hedgerows and woods as possible, and use materials that reflect the character and identity of the surroundings.

More holiday and recreational opportunities of the right kinr are wanted. This means upgrading, but not expanding, camping and caravan sites, and encouraging development that will generate visitors outside the peak period between June and September.

An international standard golf course is thought desirable and, recognising the quality of timeshare accommodation and its built-in repeat business, new self-catering units will be allowed if they are marketed on that basis. Also, the change of use of guest houses or blocks of holiday flats to timeshare facilities will be regarded favourably.

Yachting started at Cowes around 1700 when it was a tiny smuggling village. Wagers were made on the contests between fishing or smuggling craft and pilot cutters. In June 1851, a group of "enthusiastic gentlemen" met at the Thatched House Tavern in St James's Street, London, and formed the Yacht Club. The Prince Regent joined in 1817 and the club became Royal when he succeeded to the throne three years later, eventually becoming known at the Royal Yatch Squadron.

The internationally famed Cowes Week, which this year incorporates the Admiral's Cup series—named for Sir Myles Wyatt, "admiral" in 1957 of the Royal Ocean Racing Club, London—starts next Saturday—and visitors from the mainland already are pouring in via the six routes across the Solent and Spithead—by ferry, hydrofoil and hovercraft (the new diesel-powered AP1-88 hovercraft takes only seven minutes from Southsea to Ryde).

At one time you could have travelled to the island on the paddle steamer that ran from Portsmouth to Ryde, but it was retired in 1969 after 50,000 sailings and a distinguished career as a minesweeper and anti-aircraft vessel in the D-Day landings. Now known as the Ryde Queen, and converted to a discotheque and nightclub moored two miles upstream from Cowes, it is part of the Medina Yacht Harbour package up for sale through William Hillary, Crane Street, Salisbury, Wiltshire. Also included is a Georgian house and the 150-berth marina, which has planning consent for 96 holiday flats.

Cowes is well served with estate agents in the narrow, winding High Street—Crockers, Steadmans, and Watson Bull and Porter. Peter Crocker reports steadily improving sales after a difficult patch between January and March, due mainly to the bad weather. "Since then we have sold a record number of properties in most price ranges," he says—and this in spite of the island's unemployment, now around 14 per cent and the worst in the south of England.

Crocker adds, however: "individual companies such as Plessey Radar are doing extremely well and have continued to take on staff over the past few months. The Isle of Wight Enterprise Agency has helped a considerable number of small, entrepreneurial local business people who have started their own companies on a new industrial estate. On the boat-building front, Fairey Marine and Michael Souter seems to be expanding rapidly and is currently inundated with orders from around the woird."

Several Isle of Wight estate agents have felt the need to link up with mainland firms. Wheelers in Freshwater and Crocker in Cowes have joined Beavers, a group of independent firms with more than 90 offices from Kent to Cornwall. They screen potential buyers carefully; liaise continually with solicitors to maintain the momentum of the sale; and provide property details that include more than the basics of the number of rooms and their sizes.

Watson Bull and Porter, with 11 offices on the island (the latest one in The Square, Yarmouth), co-operates nationally with Jackson-Stops and Staff. Martin G. Long in the High Street, Yarmouth, formed an association last month with Jackson and Jackson of Lymington.

Creasey and Jeffrey, Newport, in association with John Jeffrey and Son, Salisbury, reports an increase in prices of 10 per cent over the past 18 months. Says manager Keith Rogers: "Demand is good for country cottages with a small acreage between £60,000 and £85,000 and also for bungalows around the coast for retirement, which on estates are around £35,000 to £45,000. These prices are considerably lower than for something comparable across the water."

June Field

North of the Border: Arthur Sandles and John Cherrington visit Scotland

Fowl delights amid the foul weather

UP IN the islands they say that a Shetlander is a fisherman with some land while an Orcadian is a farmer with a boat. The two groups pepper the waters off the north western tip of Britain, although many maps, particularly weather maps, place them elsewhere. Such is the distance from Thurso to Unst that artists tend to place the islands in a separate compartment. "My mother reckons the weather has improved since they put us in a box in the Firth of Forth," said one Shetlander.

It is probably the weather which is the biggest single deterrent to tourist trade in the islands. Deep frosts are rare and the salt air and the surrounding sea tend to make any snows that fall short-lived. But the gales can still howl in winter and the days are short. There is a brief, glorious, mid-year window of 20-hour daylight, comfortable temperatures and low rainfall, before the late summer rains and the onset of chilly autumn.

Nothing could be better for keeping the crowds away. Visitors who get to Shetland and Orkney are there for a reason: no casual bucket and spaders these. *The reasons for a visit* are abundant and delightful. The roads are uncluttered, the scenery superb, the flora and fauna fascinating, sometimes unique, and, in the case of birds in particular, abundant.

It was birds that took me to Orkney a week or so ago. Let me confess immediately that for many years ornithology has been something of a closed book to me. Birds are part of the rural landscape as wallpaper is part of the domestic scene. I can spot a bullfinch at ten paces on a clear day, and curse the starlings with the best of them but the significant differences between the sedge and reed warblers, significant to the warblers that is, have evaded me.

A few days in Orkney have begun to change all that. Breaking my teeth on puffins and fulmars I move on to greater things, like spotting the differences between curlews and whimbrels, and sorting out the terns and kittiwakes, the razorbills and the guillemots. It is difficult to avoid interest and involvement when you have seen hen harriers and short-eared owls patrolling the skies and feeding their young, and scrambled along cliffs to risk the oily fury of the fulmar (its defence is to vomit a foul-smelling gutinous mess over any attacker, a fluid sufficiently disabling of other birds as to cause their death).

A young ornithologist gets his kicks on Orkney

Finding these creatures involved miles of splendid walking. There was that warm day on the island mysteriously called the Calf of the Eday where black-backed gull chicks were thick upon the ground and angry parents dived from the sky shrieking and snatching at our heads in fury; the climb up and over the hill to see the Old Man of Hoy, a massive red monument much more impressive in the flesh than on the television screen, where puffins rested in staring wariness of their human watchers; the hay field beside the Gloup (a deep cleft in the cliffs linked by a tunnel to the sea) where meadow pippets danced and skylarks were heard but not seen.

Orkney boasts a great deal more than an abundance of birds. The Orkney group is close enough to Caithness to be visible, particularly the high *terrain of Hoy, and between* whose lofty cliffs and the lush farmlands of the mainland (the largest of the Orkney islands) is Scapa Flow. With the exception of Hoy most of the islands of the Orkney group are low, lush farming areas, producing rich hay (or, more recently, silage) and fine cattle.

Its two main towns, the capital Kirkwall and Stromness, are cosy little settlements with intriguing narrow main streets with only the earliest signs of incipient gentrification. The islands abound with archeological wonder, including a wonderfully preserved stone age settlement which well pre-dates the pyramids, and a substantial stone ring which one can stroll around without the intimidation of Stonehenge's razor wiring or its crowds.

To be honest sybaritic accommodation is a little thin on the ground and menues tend to be of the "grill and chips" school.

I found two goodish restaurants, the Hamnavoe in Stromness *and Foveran which* is a mile or two outside Kirkwall, both of which offered a good array of local seafood. Foveran is also a small hotel.

To make the most of the *island you really do need a car.* I tried the new British Airways fly-drive package which puts car and flight together. BA's highland division is a self-contained operation with a cosy family feel about it which shows in the friendliness of the service. Prices for a seven-day trip range upwards from £110, but a more typical price would be £188 for each of two people visiting Orkney from London for a week. Accommodation is not included. Bed and breakfast is widely available. There is an excellent ferry service to the various islands (to Hoy it is roll-on, roll-off) and you can fly to some of them.

Further north again is Shetland. Here you can indeed see why the old tag of fisherman with a bit of land is a true one. Shetland's earth has little of the rich fertility of Orkney. Beneath the deep layers of peat sits an unforgiving shale that fosters only the most persistent of seeds. It is to the sea that the crofters of Shetland have looked in the past, and it is the loss of the fishing to the factory ships of the Common Market which is raising local fury and provoking renewed talk of separation Manx-style from the UK.

Oil is, of course, a major new source of revenue for Shetland these days although, for the visitor, its presence is hardly noticeable.

Perhaps it was the oil which helped to give Shetland rather more of a de luxe edge in its hotels and restaurants than can be seen in Orkney. The Shetland Hotel itself is a straightforward *Post House/Holiday* Inn style operation (it is in fact run by Grand Metropolitan) but its restaurant is surprisingly good. Then there is Bowie's in Lerwick, the superb Busta House at Busta, which is also a wonderful place to stay as well as reputedly the oldest continuously inhabited house in Shetland. Burrastow House at Walls and the St Magnus Bay Hotel at, not surprisingly, St Magnus Bay.

It is a less exalted setting which comes to mind when recalling the main island, however. I recall a bright evening (for it wars in late May of this year, when the days were already lasting until after 11 pm) listening to an impromptu team of folk musicians in the lounge and between songs getting entangled in a stirring argument over whether Aly Bain or Willy Hunter is the better fiddle player.

There are at least two "don't miss" sites in Shetland. Top of the list, on a fine day, is the Broch of Moussa. A Broch is an ancient fortification, and in Shetland this normally means a remarkable double-skinned round tower with a staircase running between the skins.

The one on Moussa is just about complete. It is staggering that such a structure should have been made without the benefit of mortar.

A visit to Moussa, one of northern Europe's most important archeological monuments, demonstrates just how wonderfully off the tourist map the islands are. To get there you have to call Tom Jamieson at Leebitton and, when he has the four or so necessary to make the trip worthwhile, he'll take you there and back for £2. Once there you will find no habitation, no shop, nothing but rolling green terrain, sheep, birds, the surrounding sea and the broch.

The other "must see" is Jarlshoff, a multi-culture historic site which is very close to Sumburgh Airport on Shetland Mainland. The substantial remains reveal layers of buildings covering 3,000 years of history from the bronze age to the medieval period and including the Vikings. It got its name, by the way, from Sir Walter Scott, who named it such in his novel, *The Pirate.*

It is easy to become addicted to the Northern Isles. Indeed, many become so attached to them that they move there permanently. The strange combination of intimacy and space, the huge variety of flora and fauna, and the delightfully welcoming nature of the people make the trip well worthwhile — but do take some rainwear, an extra sweater and good walking boots.

To get into the Shetland mood en route it is well worth taking the P & O ferry, the St *Clair, which sails from* Aberdeen and is the islands' lifeline. Start your holiday before you arrive.

Further information: Orkney Tourist Board, Kirkwall, Orkney, KW15 1BR. Shetland Tourist Organisation, Market Cross, Lerwick, Shetland.

The Panther Kallista 2.8i. It looks like a pre-war classic sports car but the mechanicals are all present-day Ford

Pastiche on four wheels

IF YOU listen to the motor manufacturers, a sports car can be anything from £68,421 worth of Bentley Turbo R to a £4,000 family hatchback with stripes, fancy wheel trims and wider tyres.

My definition is simple. *A sports car* is a vehicle you buy just for the pleasure of driving it. Mundane matters like luggage space *and ride comfort* are unimportant. What counts is that the car responds eagerly to the driver's commands, never leaves him or her in any doubt as to the kind of surface its tyres are rolling over and, ideally, can be opened up in fine weather.

The Panther Kallista 2.8i two-seater I used recently is a sports car by my definition though it makes dyed-in-the-wool fanatics (the kind who can identify a car's make and year by the shape of its cam followers) foam at the mouth.

Why so? Because the Panther is, to put it kindly, not what it seems. It is a pastiche of the pre-war sports car; a low-slung long-bonneted machine that cramps its occupants by the back axle. There is space between radiator and firewall for a straight eight, or so one might think, but the engine is a Ford V6. Mechanically, it is all Ford: 5-speed gearbox, Cortina front suspension and Capri rear axle included.

The chassis and its aluminium panelled body, with long, sweeping front wings, are made in *Korea. But the Kallista is* assembled, painted and trimmed at Byfleet, where the ghosts of Brooklands still walk. Mr Young Kim Panther's chairman, smiled when I said that enthusiasts thought his car was as bogus as a £2 note. He can afford to.

Mr Kim sells every Kallista he can make. Britons buy about 165 a year, mostly after a visit to the factory—Panther has no service network and nor does it need one because any Ford dealer can look after the engine, drive train and electrics. The German market took 100 cars in the last year at close to the price of a Porsche 944 (£17,551 in the UK) and two-thirds of the 575 Kallistas to be made in the next year will go to the U.S. "They think it is a traditional English sports car over there," said Mr Kim. I doubt that he will disabuse them. *And most* U.S. buyers will choose the automatic version.

Japan has taken 18 Kallistas, all with left-hand drive to prove beyond doubt that they are imports. *(The Japanese drive on* the left, like we do). There, a 1.6 litre four-cylinder Kallista—£9,975 in Britain—sells for £18,000. Japanese importers believe in high mark-ups.

In Britain, Kallistas are bought by all kinds of people who fancy the idea of a car that looks like a classic but does not need any loving care to keep it on the road. "Pub owners, doctors, lots of ladies of all ages," says Mr Kim when asked to describe a typical buyer. There is a steady demand for used Kallistas and few cars to satisfy it. Early 1.6 litre models are now making more than their original price if in good condition.

Once you accept that a Kallista is about as genuine as *the castle at Disneyworld's* Magic Kingdom, it is enjoyable and amusing to drive. The view as you sit low down, peering along the bonnet with headlamps nestling between radiator shell and flowing wings, is decidedly pre-World War II.

The cockpit is quite cramped for people of my height. There is nowhere for the left foot to go except under the clutch pedal and the window winder dug into my right knee. The instruments are partly hidden *behind* the steering wheel rim.

With the hood up, it is a bit claustrophobic and on a warm but wet day, the heat radiated in from the engine and transmission made the interior uncomfortably like a pressure cooker. Models now coming off the line have insulation, which my test car lacked, and a new fascia is being introduced.

*The seats are most comfort*able. One can drive the Kallista with the hood down at highly illegal speeds without being blown around unduly. Opened up to the fresh air and sunshine, *it is a totally different car.* Some owners have taken delivery of their Kallistas with the hood neatly furled into its bag and have never put it up, using their cars only in fine weather.

The ride is only so-so, with quite a lot of bumping and banging on rough roads. Direct steering and big fat tyres make the Kallista nervously responsive and on smooth surfaces it corners well. Maximum speed is not all that high — around 110 mph — because it is about as wind-cheating as a house-brick but it steps off the mark quickly. A 0-60 mph time of under eight seconds will surprise the driver of, say, a Ford XR3i who thinks he is up against a florist's car.

Fuel consumption depends entirely how the Kallista is driven. At moderate speeds, the high gearing will give a mid-to-high 20s figure, which a lot of motorway cruising will bring down to the 17 to 18 mpg mark.

Stuart Marshall

Where enchantment defies logic

THERE IS an insidious magic about the Isle of Mull which is hard to define. At first sight it is an unpropitious place, often rainswept, with harsh cliffs and few sandy beaches. The soils, except for some terraces of basalt, are unfruitful and for much of the year the livestock show it. Every time I go there, I am happy to be farming in Hampshire.

The population has been falling steadily until recently. There were 12,000 people in 1800, 2,000 now. Most visitors know the road from Craignure, where *the ferry from Oban* lands them, to Iona, the main tourist spot. Iona is worth visiting for the setting, if nothing else, but, that done, I find the rest of the island enchanting and of absorbing interest.

Tobermory, the main town and port, is 10 miles by one-track road from anywhere. On a pouring wet Highland day, it is a dreary place. But once the sun shines, it is transformed. The quayside houses are painted to no particular pattern, and in rather garish colours. But from a distance, reflected in the blue water of the harbour, they are *positively Mediterranean.*

The shops have peculiarities all their own. Where else would you buy stockings at the butcher, wine at the ironmonger, and books almost everywhere? *Books,* in fact, seem to be an island staple. At Dervaig, 8 miles west of Tobermory, there is a boutique selling coffee, tea—and books. There is also a theatre and, still further away, a chocolate factory in an old steading.

What logic drives people to carry all the ingredients—the cocoa, sugar and packing materials — across one of the most expensive ferry routes in the world to make some beautiful sweets which probably could be made much more cheaply in the South on some industrial estate? But logic departs as soon as you step off the ferry *and venture off the Iona road.*

I have known a number of the entrepreneurs who have tried to settle. They are almost invariably from the mainland: successful men, hard-headed in their business. They see a ruined and derelict farm, an empty barn or shed, and feel it a challenge to their enterprise. Any rational thinking on the subject vanishes on the first fine day when the view on every side is out of this world. Several have told me that the idea of spending their life in such idyllic surroundings is irresistible.

Last time I was there, I met a fugitive from the West Country. He had sold his dairy farm and, with his sons, was busy establishing another outside Tobermory. They could not retail all they produced, so were *making an excellent hard* cheese. Could they sell the cheese? They did not know yet; it had to mature (in, I think, the derelict cinema in Tobermory). Surely, I said, it was easier and cheaper farming in Somerset. Then he showed me the view, with the Cuillin Hills of Skye showing beyond the mountains of Rhum and Ben Hiant on Ardnamurchan.

A narrow road from Dervaig leads to Calgary and then right round the west coast with remarkable views of the Treshish Isles, Ulva and, inland, the bare slopes of Benmore, the highest mountain. I have always fancied an island of my own; it *would appeal to the power com*plex innate in every farmer. But I trust I would never desecrate idyllic surroundings by building anything like the five-storey monstrosity with which some 19th century tycoon chose to destroy the beauty of the island gem, Inchkenneth.

Although I have no territorial ambitions on Mull, I must confess to one unfulfilled desire. There is a wild and unroaded promontory on the western shore of Loch Seridian, on the southern most point of which is a fossil tree known popularly as the Petrified Forest. The approach starts with a surfaced road, then a forestry track, followed by a five or six mile scramble on foot. Over the years, I must have made half a dozen attempts to reach it.

Next October I shall be there again and I intend to mount yet one more expedition. I could, of course, hire a boat from Iona and reach it by sea—but that would not be accepting the challenge presented by this marvellous island.

Hired sails in the sunset

"*GLORIOUS evening,*" called the lovely woman furling the sails of the glassfibre 28-footer while her husband and son made fast alongside. Smiling *down from my 60 ft ketch Moana Vahine, I nodded agree*ment.

I accepted another drink from one of my crew and waited on as the woman's eyes scanned upwards from *Moana's* white and blue hull to the mahogany coachwork and shining brass on deck. "Here comes temptation," I thought to myself. "You've sworn you won't give in. If you do, you'll go to hell."

"You must be proud to have such a beautiful yacht," she said.

"I am rather," I replied, losing my hopes of heaven. But the pretence at least gave me a momentary feeling of what it must be like to own a costly yacht replete with professional crew.

Moana Vahine's real owners are Jim and Jill Anderson. Having sold their property business in Australia in the early 1970s, they had the clipper-style ketch built in Taiwan and sailed her more than half-way round the world before settling in Marmaris, south Turkey, to earn their living by running *Moana* as a seagoing hotel.

She is one of about 1,000 professionally-crewed vessels available for holiday charter around the world. Some 90 others also operate in the Aegean. The rest are mostly in the Caribbean, Mediterranean, *and the Far East and Austra*lasia. The smallest are 40-odd footers with sails and cordage, and guest room for a family or party of up to half-a-dozen. At the other end of the range are *helicopter - sporting* motor yachts four times bigger all round.

The least expensive option is to "go local," chartering a boat with owner, crew and cook from the country in which it is based. The price for the whole party — almost always payable in U.S. dollars—will be from about £250 daily: food — but not drinks — included.

On the other hand, if your leisure *needs* run to instant worldwide satellite communications and gold taps on the hand-carved marble suite of your silk-carpeted private bathroom, then you are in the multi-engined *mini-liner league;* 10 times the price or worse.

In between come a variety of boats, with or without sails, catering for what Europeans and Americans like to think of as "*international*" *tastes, accom*modating guest parties of six to eight and upwards at prices from around £750 daily. That includes use of equipment for windsurfing, dinghy sailing, *water-skiing and snorkelling,* together with instructions. Some also cater for aqualung divers and even clay-pigeon shooters.

Holidaying aboard a charter yacht offers at least one big *advantage over spending the* same time and money landlubbering in good hotels. Having found rooms, cuisine, amenities and price to suit, you don't have to pack up and move out when *you fancy a change of scene.* Your seagoing hotel travels with you.

But there are risks as well. For example, although the crew's quarters are *separate,* it will *inevitably be a smallish* hotel, where even old friends can soon start finding one another too close for comfort. Careful choice of fellow guests is essential.

Another problem is that however sumptuous a yacht may look in its publicity brochure, you cannot be sure of the reality until you have crossed the gangway. Life aboard may turn out to be less like luxuriating in a hotel than being stuck in digs. The best safeguard is to book through an established charter agency which regularly inspects the vessels on its list, such as the London-based Halsey Marine *company that found me Moana Vahine* — which in the language of Tahiti means Sea Woman.

She is fairly typical of the medium-sized international-style boats, captained on *charter* by her owner, Jim Anderson. He has a permanent chief mate and co-engineer in Yasir Yildiz, who has been sailing around the Turkish coast almost since he was born.

For the two deckhands, who double respectively as cook and steward, the owners can pick

and choose from the apparently innumerable experienced, well-trained young boat-lovers who work their way around the world crewing the charter yachts.

With *Moana,* as with all others of her kind, you order through the charter agent any special provisions you want, and arrange where you will be picked up and brought back to earth a week (or, better, a fortnight or more) later. Once aboard, the only thing that you have to do is decide what you want to do.

"Quite often *guests arrive* equipped with heavy-weather gear and plans for making long passages between distant ports," Jim Anderson says. "Sailing day *and night like that can certainly be exciting in these parts,* especially if a southerly blows up.

"Some still go ahead with passage-making after I've explained there'll be no hot food *under sail, because even when* we're not heeled over too far to use the stoves the cook will be busy working ship. But most then come round to the view that what they had always *wanted, really,* was *a nice* relaxing time."

Consequently, the usual charter is spent coast- or island-hopping. By the time you are up, the crew will be ready to *move on. Breakfast* is taken at the huge varnished table on deck as you sail or burble along on the 115hp diesel to the next destination. If it's a bay, the standard practice is to anchor *there in time for lunch.*

After that, there is a range of prospects before you. Every part of the world plied by charter yachts has its own attractions.

Otherwise there's a choice of water sports: lazing around reading or chatting, and a siesta before a hot shower, cocktails and a leisurely dinner, and more chat until you feel like turning in.

If the morning's destination is not a bay but one of the intervening little ports, then a stroll around, perhaps haggling with the occasional shopkeeper over carpets, leather goods and suchlike, can be followed by dinner and maybe dancing ashore.

Even without the dancing, you'll probably feel limp by the end of the day. There are so many decisions to be made. When you've decided to turn in rather than go on sitting up over the brandy, you still have to decide whether to get up for a swim before breakfast or lie in until the yacht's under way.

Michael Dixon

Queen's English spoken here

TRAVELLING AMERICANS, Britons and Germans have been hurt by the news that some of the *better Parisian* restaurants are refusing bookings from foreigners to keep their local colour and custom. They are not alone. Many of Britain's country hotels and inns have blocked foreign bookings, particularly from the U.S., so that there are at least a few English/Scottish/Welsh voices in the dining room.

This is not as chauvinistic as *it sounds. Apart* from the elementary business sense of not devoting all your resources to one market which could quickly evaporate, you need to have nationals around to make visitors feel they are actually in a foreign country—not just in California being served by English waiters.

British country inns and hotels have come on in recent years. Standards are remarkably high. At the same time no country offers the range of interests and activities that Britain does: museums and galleries, festivals and concerts, open and narrow streets, village greens and town centres and even (I pause to look in hope at the sky) pleasant weather.

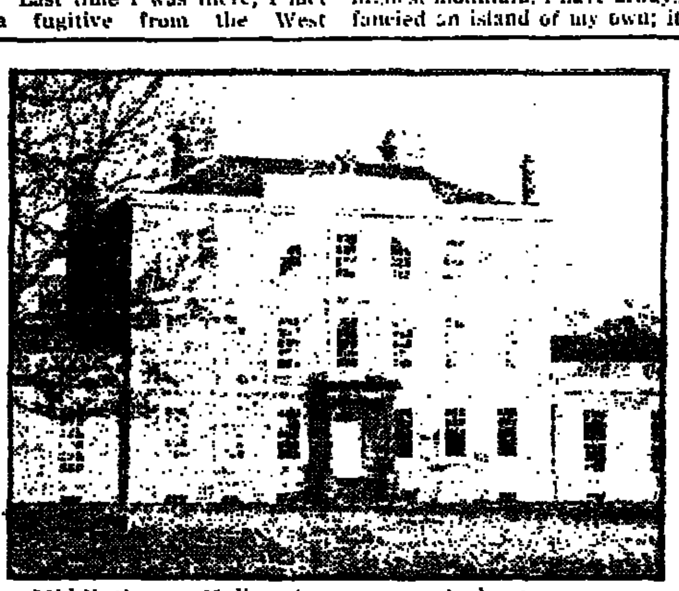
Deciding to take a British rural break is one thing. Finding the right place to stay is another. At the top end of the market the task is made easier by guide books, notably Egon Ronay and Michelin and the listings of Prestige Hotels.

At the cosier end it is more difficult, if only because there is so much to choose from. The British Tourist Authority's publication, BTA Commended Country Hotels, Guest Houses and Restaurants" lists properties in a wide price range selected from among the best in Britain.

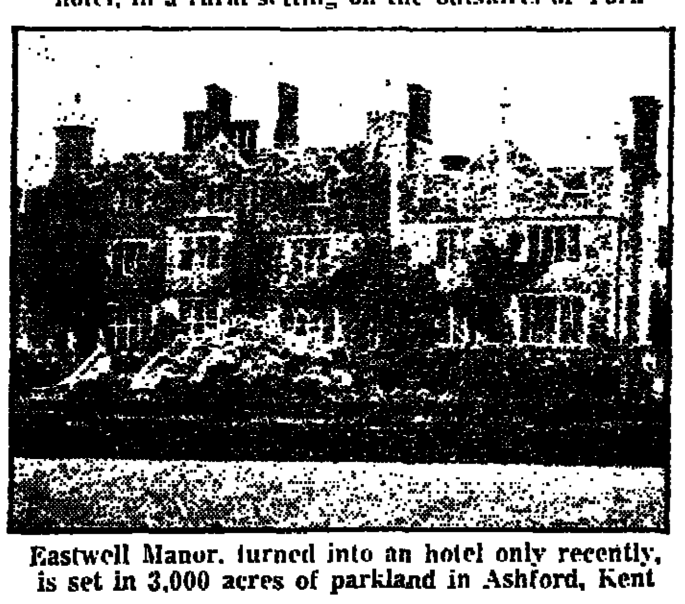
For true country inns the Benson and Hedges *Stay at an Inn* guide offers good national coverage. It abounds with beams and inglenook fireplaces — but is short on illustrations. Similarly, some of the official tourist guides — *Where to Stay in the West Country,* for example — have good basic information and some description, but need photographic help to bring them alive. The best of this season's guide books to the treasure house of rural accommodation in Britain is Elizabeth Gundrey's *Staying Off the Beaten Track,* which has line drawings, chatty description and hard facts.

Prestige Hotels, 13/14 Golden Square, London W1R 3AG. Benson and Hedges "Stay at an Inn" (£1.00), distributed by the Automobile Association, Fanum House, Basingstoke, Hampshire. BTA Commended, published by the BTA, Thames Tower, Black's Road, London W6. "Staying Off the Beaten Track," by Elizabeth Gundrey. Hamlyn £3.50.

A. S.



Middlethorpe Hall, a former stately home now an hotel, in a rural setting on the outskirts of York



Eastwell Manor, turned into an hotel only recently, is set in 3,000 acres of parkland in Ashford, Kent

BRIEFS

LUFTHANSA IS sponsoring a series of baroque concerts in Britain's stately homes this summer. Composers *include* Purcell at Gorhambury House, St Albans; in August, Scarlotti, Bach and Handel at Bowood in Wiltshire; and Bach, Vivaldi and others at Castletown House in *Co Kildare, Ireland, in* August. Other sponsors are involved in a wide range of similar concerts this summer. Details can be obtained from Stately Homes Concerts, PC Box *1, St Albans, Herts AL1 4BD.*

•

THE GREEK islands represent the best value for holiday spending money, according to the latest Thomas Cook investigation of holiday expense. Comparing costs when you get there (not the basic fares/hotel prices), Cook found Corfu, *Crete and Yugoslavia heading* the list until car-hire was included; then, Malta proved to be least pricy. The best dinner value was at Majorca, the cheapest wine was found in Crete, and the cheapest sun-tan lotion in Yugoslavia.

•

VIENNA is making a major *bid* for more visitors this year and has convinced the Spanish Riding School and the Vienna State Opera that they should stay open in the summer months. The Riding School is open for specific performances in August. Vienna is also staging a major art nouveau exhibition in the Künstlehaus.

· D I V E R S I O N S ·

Starting from Scratch: Rock Climbing

"The prospect of walking backwards off a rain-soaked crag . . ." Roger Taylor

Thrills at full stretch

NO SPORT combines so much perspiration, risk, responsibility and thrilling exhilaration as rock climbing. You are responsible for no less than your own life and that of your climbing partner.

The excitement includes the need for agility on a knife-edge hundreds of feet from the ground, rat-like cunning in balance and a power-to-weight ratio never called on to do the weekend shopping or push the car.

I learnt the rudiments of rock climbing on some of the UK's finest crags, in North Wales. I joined a Sports Council course at Plas Y Brenin, near Capel Curig, in a mood of cheerful apprehension and not a little tension.

Sunday started with us being kitted out with a waist and leg harness, karabiners for clipping on safety runners and rope and a helmet. The yellow helmet was a hit with the local bees. Mistaking it for a flower, they kept smashing into it, a distraction I could have done without. Friction climbing boots were supplied. With smooth rubber soles and rough suede uppers, they can be made to perform miracles on rock.

Lessons followed on how to tie a harness and rope: belaying, karabiners, runners and slings. The shouts of the rock climber: "I'm safe." "Take-in." and most evocative, "Climbing," echoed around. "I'm stuck" was not one of the recognised calls.

It rained in the afternoon and we had to use mountain boots for our first practice—climbing on low crags six feet off the ground—and abseiling 60 ft off near-vertical slabs. The instruction was:

"Keep your feet apart, lie back at right angles to the rock and GO."

Plas Y Brenin operates a ratio of one instructor to two novices. We hung on every word, but the prospect of walking backwards off a rain-soaked, slippery, steep crag with only an 11 millimetre diameter rope would not have dulled concentration.

Your first abseil shows whether natural fear wins over common sense. I thought I knew all about keeping legs straight, in order to push the body weight into the rock and give the boots friction, but I had to straighten my legs before I went down. I will not forget the delight of getting down that slab, bouncing on my way, the squelching of wet rope as it squeezed through metal hardware to slow my descent.

Abseiling was like falling off a rock compared with the next exercise.

Apprehension filled the Transit van on route for the Moelwyn crags near Blaunau Festiniog.

We put on friction boots, harness around the waist and around each leg, red nylon webbing straps locked through the buckles, rope tied with a double figure-of-eight knot and anti-slip knot.

The 250 ft first crag, called Slack, was rated a severe climb. The first few moves looked impossible

I could not believe how near vertical much of it was, with almost non-existent holds. Rock appeared flat and featureless, but still it had to be climbed, and the rocks became smoother. Somehow I managed to ascend, with comments from the instructor.

Toes, all of them, were stretched as never before. Fingers could barely hold on at the tips and became slippy with perspiration

I said to the instructor that I could see no holds within reach. With a deadpan expression—as it happened just the reassurance I needed — he assessed my difficulty and left me hanging on my fingertips and toes to sort it out.

His words still ring in my ears: "You have just got to commit yourself, just go for it." This is climbers' jargon for launching your entire body weight vertically upwards on the most tenuous hold imaginable, on near-vertical rock face. It works, most of the time

I gradually got the idea that balance, and the disposition of fingers, feet and the main body weight could work miracles on sheer rock. This was not achieved in polite silence. There was grunting and imaginative use of the language as "commit yourself" was acted upon with every ounce of physical and will power.

It was a glorious week, marred only by a mistake I made in the sweltering heat of a climb called "Wrinkle" in Llanberis Pass. One guide said it was a breeding ground for rock tigers.

I did not feel like a tiger as heat sapped away strength and will. Accidently, I unclipped my rope from a safety karabiner. I was still safely belayed by the instructor who led the climb, but it was a sobering moment.

It did not dampen my enthusiasm, and my final climb, Mail Bebe at Tremadoc finished with a severe pitch called One Step in the Clouds. My determination to finish the course was not helped when the instructor poked his head over the top and pointed out a coach load of "40 old dears" 300 ft below craning their necks to see if I would fall off

"Don't, for heaven's sake fall," he said. "You'll have 40 cardiac arrest cases and a fleet of ambulances on your hands."

Lynton McLain

Costs

PLAS Y BRENIN National Centre for Mountain Activities, Capel Curig, Near Betws-y-Coed, Gwynedd, North Wales, LL24 0ET. Glenmore Lodge, Aviemore, Scotland, also runs mountaineering courses.

Costs. Introductory rock course £154, six days, includes use of all equipment. For those wanting to buy their own equipment (from shops, not the centre) allow about £260 for top quality hardware, not including clothes. Essentials include a harness, up to £25.80; a helmet, around £17; rope, around £60, friction climbing boots, around £35. A "rack" of nuts, for inserting in rock cracks and essential karabiners for safety belaying, costs about £100 for a set for an experienced rock climbing leader.

The Sports Council recommends that all participants in its courses take insurance cover before joining a course.

English Heritage

Supervisors skilled in a scrap

ENGLISH heritage was born on April 1 last year. Its embattled logo suggests the keep of a castle, and keeping is its first duty. It has met scepticism about what it does or will be doing, expressed sometimes in personal ways that remind you that archaeologists are as skilled at scrapping as any academics.

The full title of English Heritage is the Historic Buildings and Monuments Commission for England. There are 13 commissioners: Lord Montagu of Beaulieu is chairman and the Duke of Gloucester his deputy. The others are businessmen, architects, archaeologists, an architectural historian, and interested persons. If you go into the lobby of Fortress House in Savile Row, London, you will see a photograph of them with Mrs Thatcher, and displays of what they are supervising.

Their first duty is to secure the preservation of ancient monuments and historic buildings in England, which includes looking after the 400 historic places that were in the care of the Department of the Environment: houses, abbeys, stone circles, castles, mills. A useful guide, worth keeping in the car, has just been published for those that are open.

Wroxeter in Shropshire (Roman Viroconium) is a typical English Heritage site. I am sure the Romans would have approved of the treatment of their city on the frontiers so very far from home: mown lawns, edges clipped, excavation continuing, a parade of wheelbarrows, a helpful custodian and an excellent site museum. The noble and utterly Roman baths are the main monument to see and very impressive.

The next duty of English Heritage is "to promote the preservation and enhancement of the character and appearance of conservation areas"—brave words. And they must promote the public's enjoyment and knowledge of the sites and their preservation. It is a matter then of research, advice, education and display.

The sceptics have worried that display would mean too much razzamatazz of the sort associated with some of the country houses open to the public, and not enough concern with scholarship. So far, this has not been the case, although English Heritage is quite aware of public relations—not least in its self-baptism and choice of logo—and there might be a danger that its pronouncements become too self-congratulatory. In fact, its major and exciting proposals for conservation—at Stonehenge—have had a good press, for tackling a recalcitrant problem bravely and sensibly. I hope we shall soon hear what site has been agreed for the visitors centre there.

Among other works of English Heritage are the listing of buildings and monuments—*with the re-listing of buildings* in full swing in many countries now — and organising the Government's support for the rescue work of local archaeological units. A total of £5.6m is now allocated for rescue, with £3.7m for 318 specific projects.

Of the £3.7m, 72 per cent will go towards preparing the results. This is a wise policy, since that is the forgotten part of archaeology and might be as expensive as the actual digging. The National Endowment for the Humanities in the U.S. is following the same policy in giving study and publication grants, with the aim of ensuring that important American digs at places such as Gordion in Turkey and Kea in Greece receive the publication they deserve.

In England, the announcement by English Heritage of new work at Maiden Castle, the great Iron Age hill fort outside Dorchester, also provoked disquiet from those who could see a better use of the funds. But the work this year and next is not so fearsome.

Roman mosaic floor of around 350 AD at Stanwick, Northamptonshire

There will be careful examination of details at Maiden Castle: the building history of the east gate, the neolithic remains on the top of the hill, the evidence for the ancient climate and ecology; and the notebooks and finds from the first dig 50 years ago will be gone over to see what more they can reveal now. That is likely to be much, as Sir Mortimer Wheeler said when he wrote the original report during World War II.

There will not be a large-scale stripping of the interior to reveal the debris of daily life in the last centuries BC, since such work is being done already by Professor Barry Cunliffe at Danebury in Hampshire — though a geophysical survey suggests there is plenty of similar evidence at Maiden Castle.

The fences will be removed and the bare earth re-seeded. The native flora will be encouraged and grazing controlled. In a year or two the place should be in a far better state than now, and very much worth the uphill walk to reach it.

At Stanwick in Northamptonshire, a whole Roman villa is being dug. Two mosaic floors from the central building (of around 350) have already been found, as well as evidence of Iron Age habitation of the site before the Romans came. This is a rescue dig at an ARC Group quarry and the company is helping with funds and practically—by moving topsoil, for instance. Production schedules have been altered so that the site, covering about 50 acres, will be intact for five years, allowing the archaeologists plenty of time.

The special interest lies in having the chance to excavate the whole thing—which has happened only twice before—and examine the outhouses and their evidence of how the place and its home farm worked, rather than concentrating on the mosaics in the reception rooms. Seeing what came before the Romans is also most important.

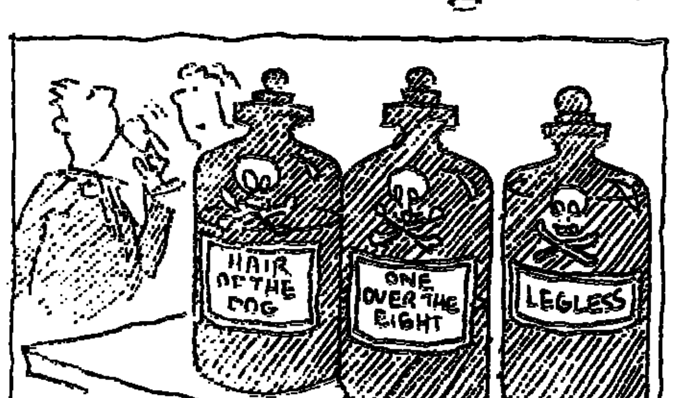
Stanwick is part of a scheme to study the whole upper Nene valley from prehistoric to mediaeval times, and the many changes in its settlement and use of the land over centuries. Eventually, from such studies we shall write new histories, which may not be about kings and queens but will describe early life here—and are the best that can be done without written records.

Stanwick and Maiden Castle are sound and interesting research and in the tradition of what English Heritage's predecessors were doing before 1984. The matter now is to find the balance between the research and advice and the promotion to the public. It will take time.

Gerald Cadogan

Collecting

Lethal liquor bottled in blues and greens



"WHAT'S YOUR poison?" has a ring of authenticity in my home, for on the dining room sideboard are displayed a score of pharmaceutical poison bottles, all glass-stoppered, each containing a different potable liquor, from apricot brandy to 100 per cent Polish vodka.

I live in a cottage called Traveller's Joy and I collect traditional chemist's poison bottles with Latin labels. But I also make my collection work for a living. The coloured bottles with their gold-edged red labels form an attractive display and encourage me to offer guests a much wider selection of spirits, liqueurs and fortified wines than I would bother to keep in commercial bottles.

The story really begins in the late 1940s when my mother was keen to apprentice me to a local pharmacist for whom, as a schoolboy, I worked in the evenings. Instead I studied and practised industrial chemistry and later moved to technical writing and latterly, to life on a national newspaper. But I never lost an interest in pharmacy inculcated by chemists who let me make pills and suppositories as well as scrub out returned medicine bottles.

One day in Marlow a few years ago I found an antique shop which had acquired the contents of an old pharmacy. The proprietor plainly knew little of its value. But I made a big mistake, too. I should have bought all the pharmaceutical paraphernalia from her outright. Instead, I chose a few items—a big marble mortar and pestle, a balance, and two lovely glass bottles of a kind used for oils, which has ground-glass domes and glass traps which return any drips to the bottle and keep the labels unstained. They are in excellent condition—perfect for port, I thought. (And the mortar makes a splendid receptacle for the nuts.)

They are not poison bottles. But one bears the label "Ol. ricini" — castor oil. Some readers may remember the BBC journalist who died after being stabbed by an umbrella which injected a tiny metal pellet into his leg. The pellet contained a fast-acting and deadly poison, believed by the Government chemists at Porton to be ricin, a toxic ingredient of the seeds from which castor oil is extracted.

The poison bottle collection began as a single rather spectacular acquisition in Camden Passage, in the shape of a 1,000 cc cobalt-blue bottle with the words "Aconite" and "Poison" emblazoned in ceramic, proud of the surface. Its ribs, characteristic of most poison bottles to lend a warning texture when touched in the dark, are horizontal, moulded as concentric rings round the bottle.

It presented a problem. The glass stopper had sheered off cleanly and the vendor said he was unable to shift the stump.

In agreeing to his price of £15 I was also remembering a boast made by a friend—a scientist—who had said his laboratory had a genius of a Cockney technician for whom no challenge was ever too difficult. I suggested that we might test my friend's claim simply by betting the technician that he could not shift the stopper.

The ruse worked beautifully. Next day the man produced not only an unstoppered bottle but a new stopper he had made which, although not cobalt-blue, is elegant and tight-fitting. I could fill the bottle with fine liquor, confident it would not evaporate.

The collection has grown haphazardly, mostly in one or twos, over five or six years. Progress was helped by a copy of *The Roman Blue Coffin*, Roy Morgan's slim volume on poison bottles, also picked up in Camden Passage. Unfortunately, many of the more esoteric shapes such as "submarines" and "coffins" are not really suited to my purpose, but the advantage is that I do not pay the high prices such poison bottles *fetch*. *None has cost* more than the aconite bottle.

Only once has there been a big haul, seven green bottles in perfect condition. They came from a chemist's shop in Greenwich which was forced to sell up when the pharmacist-owner suffered a disabling stroke.

This is the story. Partly because of my job, but also out of nostalgic interest, I regularly read the Pharmaceutical Journal, weekly journal of the Pharmaceutical Society of Great Britain, a learned society to which every practising pharmacist in Britain must belong. One week its editor published a leader saying that strychnine—a natural poison which in small amounts has enjoyed many uses in medicine, even in "tonics" as a stimulant to flagging appetites—was no longer needed in modern pharmaceutical practice. The editorial urged pharmacists to throw their strychnine bottles away.

I wrote to the *Pharmaceutical Journal* saying that if anyone was about to heed the advice of its editor, would he please throw it my way. Several readers replied. One even sent me his strychnine bottle, gratis (but empty), but it was too small from any I already had. They and also cork-stoppered.

The most promising response came from the wife of the Greenwich chemist, who explained their problem and invited me to have their strychnine bottle and any others I wanted before the stock was sold. I picked seven poison bottles, including one labelled "Creosote," all with labels different included more alkaloids, the large family of natural poisons to which strychnine belongs, as well as morphine, caffeine and nicotine. (Aconite, incidentally, once the contents of my "lead" bottle, is a mixture of alkaloids, used to treat fevers and inflammation until considered too dangerous.)

The pharmacist's wife could not have been more helpful and was delighted with my suggestion of £30 for the seven. But I had to stop her simply tipping the contents down the sink. I helped her rebottle them in standard, corked poison bottles with stock-on labels, for whoever bought the shop.

There are plenty of poison bottles I would still like to possess, either because of the shape of the bottle—hexagonal or square, for example, or because of some unusual shape of stopper. I know this because the curator of the Pharmaceutical Society once gave a conducted tour of the many cases, cupboards and crannies in which he has old poison bottles tucked away. Sadly, he has no display of such bottles.

But there is one poison label I am particularly keen to acquire. This is a bottle labelled "plutonium," the metal made by transmutation in a nuclear reactor, which popular mythology has dubbed (erroneously) the most deadly poison known to mankind.

Unfortunately, there is a small problem. No such bottle exists. As a nuclear industry chemist who regularly assays plutonium samples at his factory once explained, such a bottle would drive any safety officer to apoplexy for whatever would he do with it in case of fire.

So far as I can see, there is only one answer to my problem, which is to take the best poison bottle I can find and relabel it "Plute nit." (plutonium nitrate), the apple-green liquid which appears on no laboratory shelf, and certainly never appeared in any pharmacy. But how many of my guests in naming their poison will ever know that?

David Fishlock

Unstately homes

Tastes for modesty reflect modest taste

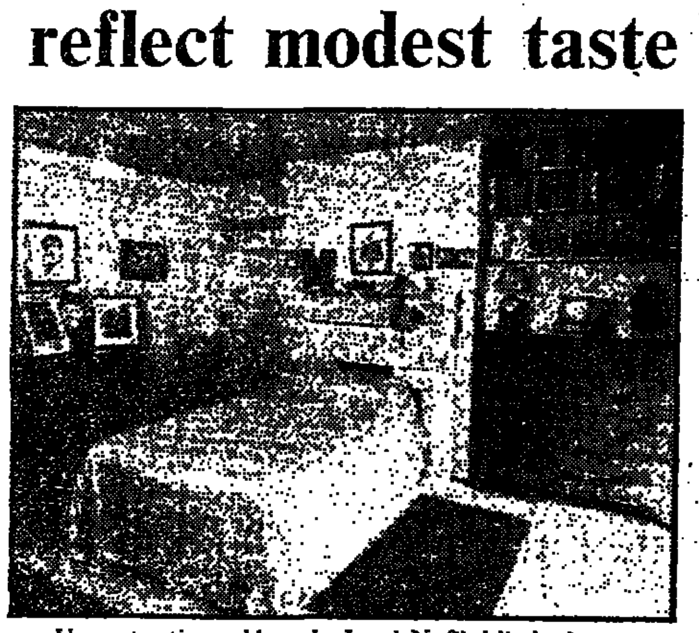
THERE MIGHT be people who can maintain honestly that they are not interested in how the very rich spend it: a hermit on Mount Athos, for example. Since most of us are riveted, however, visitors keep flocking to England's ever-more-numerous stately homes.

It is piquant to find that a man who gave away more than £28m in his lifetime, and brought the epitome of luxury within reach of the British man in the street, lived in a thoroughly unstately home. Yet that is Nuffield Place, home of William Morris of Morris Motors (now British Leyland) from 1934 to 1963.

On the edge of the Chilterns, between Henley and Wallingford this modest mansion looks over the plain towards Oxford, the city which Morris did more than any other individual to change. Some elderly dons cannot forgive him, while others (F.T. gardening correspondents among them) potter about in their Morris Travellers with never a thought of the motor's begetter.

Unlike Robert Maxwell, Oxford's present-day millionaire, Morris was a retiring man who retreated from the Cowley works to live in the country. First, he bought a golf course, to the chagrin of snobs forced *to share it with a jumped-up* bicycle manufacturer. Then he bought a nearby five-bedroomed "cottage," built in 1910 for an insurance magnate by Oswald Partridge Milne, a pupil of Lutyens.

The house is in a pleasant, sober style befitting an architect who worked at Claridges and Chequers. Nuffield Place's interest lies in its near-perfectly preserved 1930s' decor. The house blends a taste for modesty with a modest degree of taste backed by a great deal of money. The steely Lady Nuffield liked bland flower paintings, eau-de-nil colours and dripping wax pseudo-chandeliers. Perhaps only her Scotties dared their mistress's wrath, as witness the stains on the fine Persian rugs.



Unpretentious décor in Lord Nuffield's bedroom

Some visitors to Nuffield Place find nostalgia in returning *to between-the-wars affluence*. Others shudder at the swirling mica and plastic wall-textures and the smooth contours of the chromium-fitted cocktail cabinet. Being of a more recent vintage I found myself relishing the feel of the place, an unpretentious union of comfort with fine craftsmanship—a far cry from the labour chic of many a 1980s' interior decorator.

Morris liked reproduction furniture, and surely there is nothing to sneer at in "repro" of this quality. Two worlds overlapped at this date; the motor works with its new technology and on the doorstep, the Oxford craftsmen who made this superb furniture. One cabinet took a Mr Hughes 226 hours to make—he worked a 55-hour week for 18 old pence an hour. Nowhere in this country could one now find tapestry fabrics such as the charming scenes woven by a Birkenhead firm.

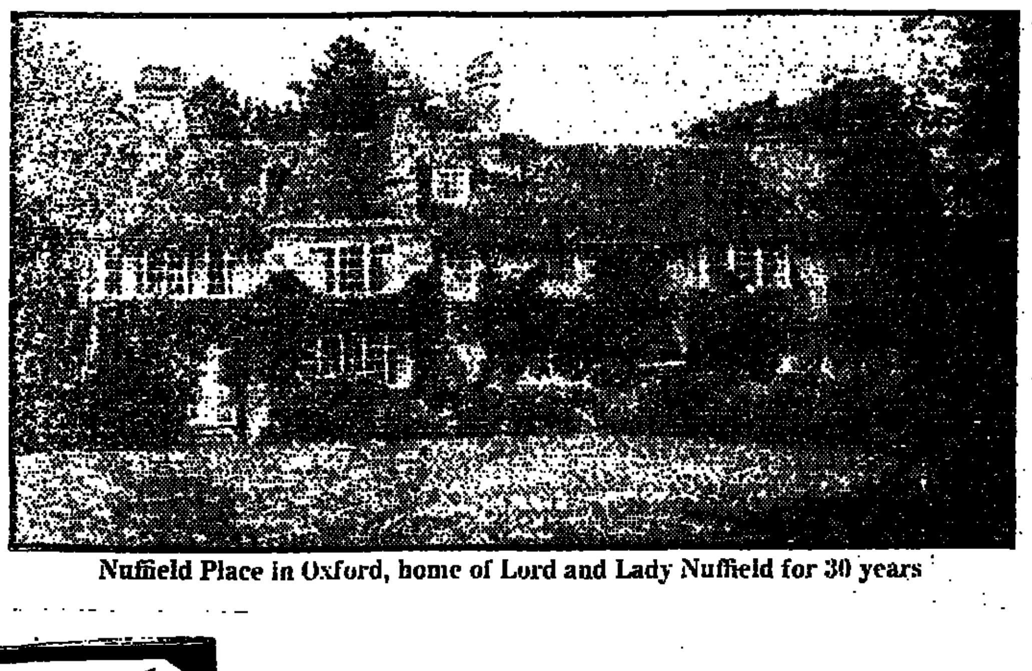
Ghastly Good Taste of an earlier era is not all Nuffield Place can offer. A curious assembly of appliances, such as the first toaster and electric fan, remind us of the technological revolution in the home. Nuffield liked mechanical objects, like his lavish auto-radiogram and television. His bedroom contained a tool cupboard where the insomniac magnate could mend watches and sole his shoes, taking restorative draughts of Clayton's Kola Tonic. Even in that law-abiding epoch wealth carried danger, for newspaper cuttings describe a foiled kidnap plot that reads like pure Wodehouse.

The mustard-coloured study is equally evocative, with volumes of Kipling and packets of Morris' favorite smoke, typically modest Woodbines. A reminder of his relationship to the proud groves of academe is an E. H. Shephard cartoon showing Morris pouring millions into the eager palms of Oxford dons. Generous as he was to the university, an early shadow had been cast by choosing a feckless, moneyed undergraduate as a sleeping partner, after which Morris swore never to employ an Oxford graduate.

There is a Henry Jamesian flavour to Nuffield Place: you feel that Lady Nuffield might step in at any moment from bossing the gardeners, or his lordship come late for dinner after helping a motorist broken down on the road. His advice would be welcome to the house's present owner: Morris gave it to Nuffield College, one of his most munificent and important benefactions (not forgetting that he gave free sanitary towels to the women's armed services in the war). But the house has no academic role and is costly to maintain. Civilised though the college members are, their present leisure use of Nuffield Place inevitably dims the tapestries and dips the proud pouffes of Buoyant Upholstery Ltd.

Nuffield College has been trying to solve its dilemma with the help of Oxfordshire Museum Service and the Friends of Nuffield Place. As a result, the house now opens to the public on the first and third Sundays from May to the end of September. One dream is that money could be found to make a 1930s museum, despite the house itself being 20 years too early.

Public taste may not have swung back enough, though. Recently, New College was within an inch of pulling down the Longwall Garage, birthplace of the Bull Nose Morris in 1912. Only a preservation order saved the façade. Yet, Morris was a modest and eminently practical working man who might never have wanted his office and home to be a shrine among future generations who kept no memory of his works. If you motor down to Nuffield Place on a Sunday, you can decide what value should be placed on the ordinary life-style of an extra-ordinary entrepreneur.



Nuffield Place in Oxford, home of Lord and Lady Nuffield for 30 years

Patricia Morison

Lucia van der Post looks at skin care with sense and sensibility

More danger than delight in the sun

Lucia van der Post

HOW TO SPEND IT

IF YOU are just about to set off for a Greek island and have a fortnight of sun, water and windsurfing in mind, then you have no doubt packed your suntan lotion and have plans to come back bronzed and glowing. If you are spending your holiday pottering about your own garden or exploring England you probably think that nothing as exotic as a sun protection cream could possibly be needed. You would be wrong.

More and more evidence is piling up to show that the sun, even in our *gentle* latitudes, does much more damage than we think. It isn't just the odd wrinkle that we risk — a potentially fatal skin cancer called malignant melanoma is becoming increasingly common, with the number of cases doubling every year since the last war.

That sporty young girl — her face all naked to the sun, plunging into the swimming pool, trying her hand at windsurfing, roasting to a copper brown on the beach — may not know it but in a year or two she could easily be one of the unpleasant statistics increasingly showing up in the surgeries of Britain.

Catharine Denver

Melanoma starts off as a harmless enough brownish spot and if it is treated early enough it is curable. If it is left to its own devices, it can kill.

But even if you manage to avoid being the one in a thousand that eventually develops this skin cancer, there is no doubt that while a tan will give you a temporary glow and sense of well-being, too much sun will age the skin.

If you don't believe me check the skin on your body with the skin on your face — on almost everybody who lives in our sort of climate the body skin looks at least 10 and sometimes as much as 20 years younger than the skin on the face. It all started out at the same time but the skin on face and hands is exposed to constant light rays as well as wind, all of which break down the elastic fibres which support the skin and lead to wrinkles and creases.

If you want to keep your skin looking as good as possible for as long as possible you should protect it properly even when just walking to the shops, working in the garden or pottering round. And if you are planning a holiday in the sun, it goes almost without saying that you should do as all the cosmetic houses tell you — start slowly with high protection factor creams.

Fortunately, it is now easier than ever before to protect the skin properly. Several of the best cosmetic houses have introduced very effective products, some of which can be worn everyday, some of which are specifically for strong sunlight. Look out for **Lancaster** (on the continent it is the market-leader and the beaches of Europe are said to be awash with its yellow packaging, hence the rash of other yellow packages for sun *products*), **Lancôme's Conquête du Soleil** collection, **Estée Lauder, Clinique and RoC.**

One of the most useful products I know of for everyday is **Lancôme's Bienfait du Matin**, a moisturiser which can be worn every day under your foundation. It offers protection from both UVA and UVB rays. There is a completely clear or natural version and three tinted shades.

If you are going on holiday into strong sunlight look out for the **Conquête du Soleil** range of products all of which are specially designed to minimise the damaging effects of the sun and maximise the glamorous aspects. Particularly useful is its **Anti-Rides Solaire** (either Sun Protection Factor 4 or 6) which is one of the new generation of anti-wrinkle creams and said to be marvellously effective.

Lancôme's Progres collection is also highly thought of and if you wanted to use an anti-wrinkle protection cream every day you should go for its **Progres Intensif Rides** which again protects from UVA and UVB rays.

Estée Lauder is another house that believes in daily protection of the skin. Many of its ordinary moisturisers and foundations offer some sort of sun protection so that you need not change your ordinary make-up techniques for everyday protection.

A lovely product to note, for those who like the look and effect of a tan but are worried about damage to the skin is **Sportwear Tinted Day Cream**— it offers not only a soft, slightly tanned-looking glow to the skin but it also is rich in emollients so that the skin is kept well lubricated and it has a built-in sun protection factor of eight. A 15-ml tube costs £15 but it has been such a wow that you may have to search a bit to find the shade you want (there is natural, midtan and suntone). For those who want to glow in winter, too, **Estée Lauder** is bringing out a porcelain shade from October.

Almost all the beauty houses do a complete sunblock for those who are extra-sensitive to the sun or who simply have decided that they will do without a tan altogether. One of the most popular of these is **Clinique's Oilfree Sunblock** which has a 15 SPF. Its charm is that it offers very high protection with a greaseless formula—men and children who don't wish to look made-up like it very much.

Clinique also has a lipgloss (six colours each in a little pot) with a sun protection factor of six, whilst its lipblock has a sun protection factor of 11 it is completely clear).

As you can see the trend is to much greater specialisation: there are now creams to protect every area of the body (still awaited, though, for the topless beaches are the boob creams which are expected to hit the counters next year). Eyes now have their own special sun protection creams and are one of the areas where wrinkles first develop.

If you really do want to tan, Mary Brogan, a guru of the cosmetic world who is beauty buyer for Selfridges and an ardent browner herself, advises that you must prepare the skin properly. **Lancaster** (this range can only be bought in Britain at Harrods and Selfridges) does a pre-tan face cream which helps lubricate and tone the skin before launching it into the sun.

Remember, if you are going to swim, to look for water-resistant products — otherwise take your tubes and pots with you and remember to re-apply frequently. **Clinique's Continuous Coverage** is impervious to water or sweat (a usual component of sunny holidays) and gives very high (22SPF) protection.

If you want to look brown and glowing without going in the sun there are now lots of products to help you do just that. I've already mentioned that **Estée Lauder** offers moisturisers with some sun protection factor — some of them are also tinted so you can glow and be protected at the same time. **Estée Lauder** also does a very good self-tanning cream — you can re-apply every hour, if you're in a hurry, and turn a wondrous gold, all without a glimpse of the sun itself. Men, it appears, like particularly **Marbat Man's** overnight sun-tanning moisturisers.

Finally, if in a moment of careless rapture you do go into the sun all unprepared, there are plenty of creams and oils that will do their best to rescue the situation — products like **Lauder's Après Sun, RoC's Revitalising Anti-wrinkle Sun Cream, Clarins After Sun Tanning Moisturiser** and so on, should be lavished on as soon as you can lay your hands on the bottle.

Hopscotch kids hop into hand-mades

MOST PEOPLE, if they think of The Scotch House, think in *terms of adult clothing*— all those cashmeres, those tartan kilts and scarves, those traditional skirts and trousers. But perhaps the most enchanting part of the whole operation is the children's departments which are a sheer delight.

I know not who its designers are but they deserve much credit for managing that difficult art of combining the best of the old with some element of freshness and originality.

They use all the old traditional British skills and crafts, the hand-knits, the hand-smocking, the marvellous Viyellas and tartans, the fine Liberty cottons and lawn shirtings, to produce children's clothes that are almost unbeatable for quality and *for charm.*

The whole Hopscotch operation has now become so successful that two separate Hopscotch shops were opened earlier this year in Glasgow and Edinburgh. Otherwise you must look for Hopscotch departments within The Scotch House stores.

If you're thinking of spoiling* some children you know this summer the floral printed hand-smocked dresses photographed above are not quite as expensive as you might think—prices start at £22.50 for a size to fit the average seven-year-old and go on up to £35 for the *13-year-old version.

The photograph conveys admirably the mood of the whole summer collection— nostalgic, romantic, traditional and ravishingly pretty.

Gardening

WHEN I recently visited Princess Sturdza's splendidly planted garden at Le Vasterival, near Dieppe, I was impressed by the golden foliage of Acer negundo Auratum. This tree is neither new nor scarce but it has never been well known, all the publicity having been given to the fine white and light green variety, A. negundo Variegatum. I find this neglect strange, since all yellow leaves have a special usefulness in the garden and there are not so many on trees that we can afford to overlook anything as good as A. negundo Auratum.

At a distance at le Vasterival I mistook this maple for one of the golden elders; these have almost identical colouring when the leaves are young although they get greener with age, a common characteristic of yellow leaved plants. Normally, this golden maple makes a small tree about 20 ft high; but at le Vasterival it had stopped at around 10 ft and spread widely, which increased the resemblance to a golden elder.

The most beautiful of all yellow leaved maples is Acer japonicum Aureum, but this grows so slowly that you need to live in the same place for at least 10 years. It is also always scarce and expensive in nurseries; why I do not know, for while it must be grafted—which takes time—that also is true of most selected coloured-leaved trees and many of them are freely available if, however, you are prepared to wait, this is the maple for you. I planted one three years ago, where I can see it from the window; although barely 3 ft high it is very pretty, with its fan shaped leaves held out horizontally like a maple in a Japanese print.

The most popular golden leaved tree this past decade has been Robinia pseudo-acacia Frisia. It was raised in a Dutch nursery in 1935 and received an Award of Garden Merit from the Royal Horticultural Society in 1969 ever since, it has been propagated in tens of thousands; some would say it has been overplanted. Personally, I do not think you can have too much of a really good thing, and Frisia is first class.

The pale yellow colour tends to green a little in high summer but becomes an even richer peach yellow before the leaves fall in the autumn. This is always an elegant leaf and a shapely tree which gives no trouble at all, although I think it could grow too big for some of the places in which it has been planted. But golden leaved trees, because of their relative shortage of chlorophyll (the green colourant that enables plants to synthesise food with energy derived from sunlight) always grow more slowly and never attain such size as their green leaved counterparts. I would expect Robinia Frisia to reach maturity as a medium size tree about 40 ft high.

Just as graceful—but not, in my experience, quite so universally satisfactory—is the golden honey locust, Gleditsia triacanthos Sunburst. Both robinia and gleditsia belong to the pea family and have its common feather shaped leaves. The leaflets of the honey locust are even smaller and more numerous, which is an advantage, and their colour in spring and early summer is richer, also a bonus point; but I have not found plants so easy to establish.

Perhaps that merely says something about my soil and conditions but I do not see many honey locusts about; still, this is undoubtedly a very beautiful tree and I warmly recommend it to all who are getting a little bored with robinia.

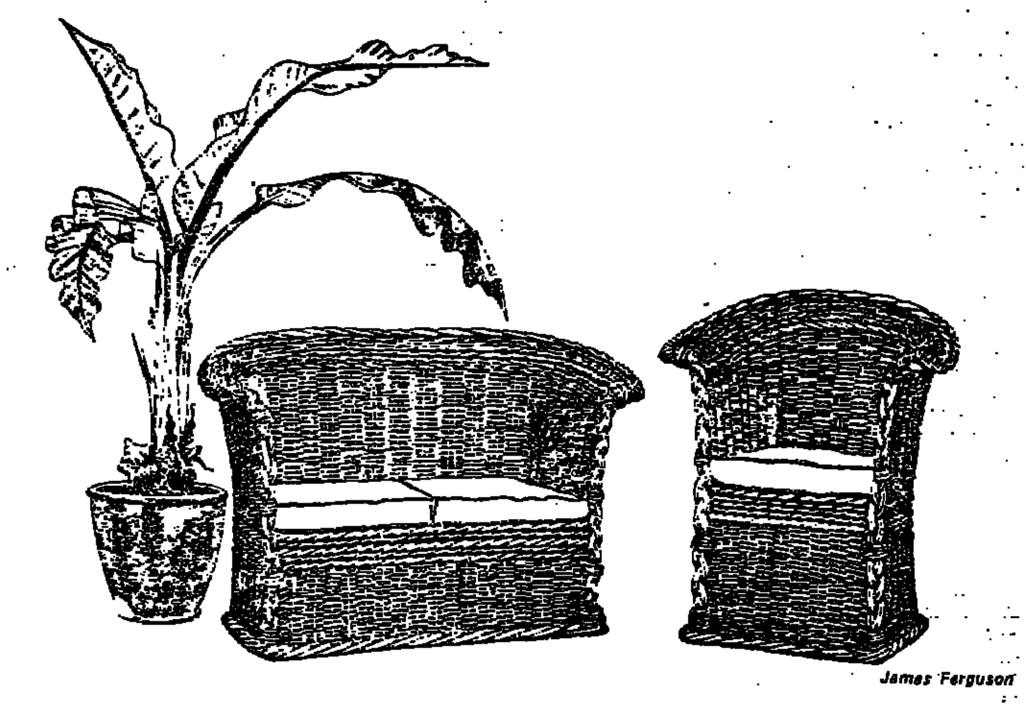
The golden Cornish elm shows the dwarfing effect of chlorophyll deficiency to a marked degree. The ordinary green leaved Cornish elm can reach 100 ft but I cannot recollect ever having seen the golden form above about 20 ft and, even then, looking rather unhappy. Alan Mitchel remarks, somewhat dismissively, that "a golden leaved form is occasionally seen as a young tree." Since, like other elms, it is vulnerable to Dutch elm disease, this would seem to be one to avoid.

The largest, fastest growing broad leaved golden tree is probably the golden poplar, which can reach 100 ft with branch spread in proportion. Clearly, this is not a garden tree; but in the landscape it can be very effective, particularly when planted with dark leaved trees. Although the yellow colour is never deep or brilliant, that can be an advantage in a country setting where trees obviously maintained by man can be offensive.

The biggest yellow tree leaves are those of the golden Indian bean tree, Catalpa bignonioides Aurea. This benefits from annual pruning late in winter or early spring to get rid of soft stems damaged by frost. Pruning restricts growth but increases the size of the leaves, which are rounded and can measure 10 in across. Alas, they appear very late—in my garden never until early June and all is over by the end of October, so the display is relatively short.

I grow only the green leaved type, mainly fo rits abundant flowers, but I often pause to admire the golden variety planted in the streets of nearby Crawley, Sussex. It always surprises me that this exotic looking tree fro mthe warm and sunny south-eastern U.S. is so good in towns.

Arthur Hellyer



James Ferguson

Willow hand-made for gardens

IF YOU'VE already got your conservatory you may be looking around for something to furnish it with. Marston & Langinger, those masters of the nostalgic, romantic conservatories, now have access to a range of traditional willow furniture, all hand-made by craftsmen in Norfolk, that is the perfect accompaniment to the green and mellow world of the garden-room. The shapes are strong and simple, as you can see from our drawings, and there is a dining-chair (£102) a lounger (£139), a footstool (£46.50), a two-seater sofa (£232) and an armchair (£102).

Though the collection comes unadorned in the buff or painted a dark and suitable "Chelsea" green, it can, by special order, be painted any colour you fancy.

Willow is a fine and sturdy material which can be left outside all summer long without coming to much harm—it just needs some occasional brushing or the buff version can be scrubbed down from time to time with hot, soapy water.

Though sturdy, the willow isn't always the most comfortable of materials to sit on so Marston & Langinger supply channelled feather-filled box cushions to fit each seat and loose, squarefeather pads to soften up the backs. All the covers are piped and zipped for easy cleaning and all are made from Osborne & Little's "Vice Versa" cotton fabric in a wide selection fo colours.

The cushions are extra (prices varying from £19.50 for an 18 in square pad to £94.50 for a cushion to fit the two-seater sofa). Contrast piping is an extra £8 to cover the cost of the extra fabric required.

For a leaflet, price list and order form write to Marston & Langinger, Hall Staithe, Fakenham, Norfolk NR21 9BW.

Bulk buy to order

"THE domestic paper market," says Nicholas Thompson, "can be as ruthless as Denver oil." Which may be tough for those who are trying to make a living at it, but is good news for those of us who just buy the stuff. Nicholas Thompson has found himself embroiled in these Carrington-like manoeuvres in his efforts to deliver domestic tissue paper of all types (most *notably* toilet paper, kitchen rolls and facial tissues) in bulk to the doorstep.

He quite rightly points out that toilet paper and kitchen rolls, in particular, are exceedingly bulky to hump home and that the boon his company offers is of delivery to customers' doorsteps of bulk supplies at prices very similar to those offered by the chain stores. Certainly the quality is exceedingly high and compares more than favourably with the brand that I bought recently from another home-delivery service. When it comes to toilet tissue he offers three qualities — luxury (£1 for a pack of 4), economy (12 for £2.25) and plain white (8 rolls for £1.50).

Then there are kitchen rolls (luxury quality, 2 for 80p, ordinary quality 4 for £1.30), two-ply boxed tissues, paper napkins and high-quality paper tissues.

Orders over £15 are delivered free, £1 is charged on smaller orders. For a catalogue and order form, write to: Forest House, Horningsham, Warminster, Wiltshire BA12 7LW (Tel 09853 729).

BRIDGE

THIS example hand today comes from a match between two experienced teams:

	N	
	♠ J 5	
	♡ A 10 3	
	◇ A K Q J 8 3	
	♣ K Q	
W		E
♠ K 8 6		♠ A 10 4 3
♡ K 7 4 2		♡ J 9 6
◇ 5		◇ 10 9 7
♣ A 10 8 5 4		♣ 9 6 2
	S	
	♠ Q 9 7 2	
	♡ Q 8 5	
	◇ 6 4 2	
	♣ J 7 3	

North dealt at game to North-South, and in both rooms the bidding was identical. North opened with two diamonds, South replied with two no trumps, North raised to three no trumps, and this became the final contract.

In both rooms West started off with the five of clubs, the Queen won, and the King was *returned to the Ace.* West switched to the six of spades, East won with the Ace, and led back the three to his partner's King. West now exited with the diamond five. Dummy won, and a second diamond honour was cashed in the hope that the suit would break 3—3 and allow South to enter his hand via the six. This did not happen, and the declarer had to try to establish a second heart trick. But, however he played, he could not make more than the Ace, and the contract failed by one trick.

Better technique lands the game. After winning the first trick, the declarer should cash three rounds of diamonds to strip both defenders of that suit, *then* return the club King. West wins, and the defence can cash the Ace and King of Spades, but whoever wins the second spade must open up the hearts, and the declarer must take two tricks in the suit.

It is surprising that neither declarer thought of cashing the requisite number of diamonds and endplaying the defenders—it was not difficult.

E. P. C. Cotter

CHESS

PLAY AT the Biel interzonal, which finished yesterday, has been highly competitive, with four places at stake in the world candidates. Biel, a small Swiss lakeside town, hosts a major event every year and is probably the leading chess resort *of Western Europe.*

Vaganian of the USSR has led throughout, but more significant is the strong performance by Yasser Seirawan of the U.S. Seirawan, son of a Syrian father and an English mother, is the most talented American since Bobby Fischer. He defeated world champion Karpov in London at Phillips and Drew 1982.

Seirawan's all-round style wins impressively in this week's game. His opponent concedes space early, and Seirawan regroups knights and bishops to control key central squares. Under pressure, Black offers a knight for initiative at move 34 only for White to restore his grip by a counter-sacrifice two moves later. White breaks through on an open file, a rook penetrates to the seventh rank, and Seirawan concludes by a bishop sacrifice to force mate.

White: Y. Seirawan (U.S.). **Black**: L. Gutman (Israel). King's Indian Defence (Biel interzonal 1985).

1 P-QB4, P-KN3; 2 N-QB3, B-N2; 3 P-Q4, N-KB3; 4 P-K4, O-O; 5 B-K3, P-B3? (P-Q3 is normal); 6 P-K5, N-K1; 7 P-B4, P-Q3; 8 B-K2, P-B3; 9 N-B3, B-R3; 10 PxBP, PxP; 11 O-O, N-N2; 12 Q-Q2, R-K1; 13 P-Q5, P-QB4; 14 N-K1! N-B4.

White's plan is a K-side pawn advance, but first he must secure entry squares on the K file against the black rook.

15 B-B2, N-Q2; 16 N-B2, B-N2; 17 QR-K1, N-R3; 18 P-KN4, N-B1, 19 P-KR3, B-Q2; 20 P-R3, N-B2; 21 K-R2, P-QR3; 22 N-K3, R-N1; 23 P-QR4, Q-R4; 24 B-Q3, R-K2; 25 R-QR1, QR-K1; 26 N-N2, N-R3; 27 Q-Q1, P-B4; 28 P-N5, N-B2; 29 B-K1, Q-Q1; 30 P-R4, P-R3; 31 B-Q2, B-B1; 32 N-K1, PxP; 33 RPxP, P-N3; 34 N-B3, N-K4?

Black's bid for counterplay rebounds against him. On passive defence White's likely plan is P-QR5 and if PxP R-R2, N-K2, and BxRP.

35 PxN, PxP; 36 N-K4! PxN; 37 BxP, Q-Q2; 38 N-N1, Q-Q3; 39 R-R3.

With an extra open file for attack, the black king is a sitting target.

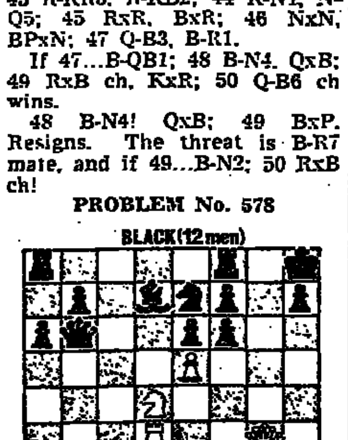
39...R-Q1; 40 K-N2, N-K3; 41 N-K2, N-Q5; 42 R-KN3, N-B4; 43 R-KR3, R-KB2; 44 K-N1, N-Q5; 45 RxR, BxR; 46 NxN, BPxN; 47 Q-B3, B-R1.

If 47...B-QB1; 48 B-N4, QxB; 49 RxB ch, KxR; 50 Q-B6 ch wins.

48 B-N4! QxB; 49 BxP. Resigns. The threat is B-R7 mate, and if 49...B-N2; 50 RxB ch!

PROBLEM No. 578

BLACK (12 men)



WHITE (11 men)

Van der Wiel v Quinteros, Biel interzonal 1985. White (to move) sacrificed a bishop to break up the black king's defences, but the obvious 1 PxP is met by N-N3. What should White play, and how should the game go?

Solution Page XII.

Leonard Barden

Style on the spot

CECIL BEATON: THE AUTHORIZED BIOGRAPHY
by Hugo Vickers. Weidenfeld & Nicolson, £16.95. 656 pages

FIVE YEARS after his death, the name of Cecil Beaton is still vivid as belonging to one who made photography a respectable profession and designed the costumes for *My Fair Lady*. Unlike Noel Coward, however, another carefully nurtured self-creation of the 1920s, Beaton leaves nothing much behind but his fame. His talent for social climbing and stylish photographic portraiture has been well-documented, thoroughly absorbed by sycophants and imitators, and is now forgotten, except by those who constitute his large circle of intimate acquaintances.

Hugo Vickers's authorised biography—he was received and approved by Beaton shortly before the end—is a model compacting job on the diaries, letters and reminiscences of others. Very little in it appears for the first time (excerpts from Roy Strong's unpublished diary and correspondence with Coral Browne and Beaton's last male lover, the Californian teacher Kin, are fascinating but trite exceptions).

Beaton loathed and envied Noël Coward for most of his life and for obvious reasons, but he was at least a more engaging diarist than the Master. His diaries are indeed, as has often been said, a key document in the social life of this century. But they are self-indulgent, frequently mawkish, snobbish and off-putting. Mr Vickers saves you the trouble of all that by giving the essentials only in quotes and re-writing the rest in his own agreeable, faultlessly placid prose style.

The author embarked on the biography of a photographer but ended, he says, with a book about the theatre. Beaton once told Kenneth Tynan that all his careers were alibis for the fact that he never went on the stage. His stage design was always somehow a mere consolation. He was almost comically determined to be a successful playwright, hawking around various re-writes of the one leaden piece, *The Gainsborough Girls*, well into old age, even though a touring version with Donald Wolfit in the lead had ground to an ignominious halt in Wolverhampton in the late 1950s.

Raymond Mortimer summed it up by saying that Beaton's disposition as an artist, his distaste for business and his incapacity for serious art led to a successful life as a photographer, stage designer and journalist. His creations included Tallulah Bankhead's 1937 Broadway Cleopatra (the one in which, according to one critic, she barged down the Nile and sank); and, as a foretaste of Edwardian splendours to come, the 1945 *Lady Windermere's Fan* with Athene Seyler and Isabel Jeans.

This latter production established Beaton's prowess for organising fashion parades and flower shows on stage. But for all his superficial taste and glamour, two things strike you forcibly in the tale acording to Mr Vickers: first, Beaton's inability to maintain profound artistic relationships with his colleagues; second, his lack of technical expertise both on the stage and on the film set. The second failing no doubt often resulted in the first. George Cukor, for instance, although never an "easy" director, was scathing about Beaton's unprofessionalism while filming *My Fair Lady*.

It comes as a surprise to be reminded that Beaton occasionally slept with women. The Garbo affair is rendered no less preposterous here than it ever seemed. One can only give a silent cheer when a new young professional rival, Anthony Armstrong-Jones, succeeds in an even better reverse Cinderella ruse by marrying Princess Margaret.

The Garbo affair was a tasteless publicity stunt, although Mr Vickers does not challenge that sex, as it were, changed hands, in a four-month period at the end of 1947. Beaton had lost his virginity to a girl who advertised Lucky Strike cigarettes, and even had an affair with Coral Browne. An attempt by Lady Diana Cooper to marry him off to the widowed mother June Osborn was similarly doomed, Mrs Osborn, having avoided another Lady Diana trap (Edward Heath), landed happily in the arms of Jeremy Hutchinson, QC. Phew!

Dubbed "Rip-Van-With-It" by Cyril Connolly, Beaton took to the Swinging Sixties with protean delight, and these rather sad episodes in the book seem more remote even than the inter-War society balls and idylls. The Queen Mother came to lunch for a second time; another guest was Roy Strong in a psychedelic tie.

Serge Lifar, with whom Beaton met Diaghilev, later recalled Beaton as being "très chic, très snob." So he was; patriotic, right-wing, anti-semitic and shallow. A figure for his times but not, perhaps, for all time.

Michael Coveney

Cecil Beaton's drawing of Greta Garbo as La Dame aux Camellias

Glamour is always a generation before

THE COUNTRY HOUSE REMEMBERED. RECOLLECTIONS OF LIFE BETWEEN THE WARS
Edited by Merlin Waterson. Routledge and Kegan Paul £12.95, 265 pages.

THIS BOOK is an amiable collection of reminiscences, told on tape in tranquility, recording the leisurely life in English country houses between the two wars. Merlin Waterson, the instigator and editor of the book, has asked 25 châtelaines (22 women, 3 men) for their souvenirs, and blended them with so melifluous a touch that his cast seem to be sitting chatting round a table with petit point; a Biedermeier sewing bee.

It is said that when Sir David Scott was asked if life was never the same again after the Great War, he replied, "No, it was after the Boer War that everything changed." During the 1880s and 1890s was set a formal pattern of life in the great country houses from which descends, in modified form, life led in them now.

The most accurate accounts are given either by foreigners or *arrivistes*; and the best description of life in a stately home in the *haute epoque* is Consuelo, Duchess of Marlborough's; a precise and chilling tale of her life at Blenheim (enormous formal "Saturdays to Mondays," with all invitations and place cards in her own writing because secretaries were considered "bad form," eight-course dinners zipped through in 60 minutes flat because of the sheer boredom of it all).

A more maribou-ed memoir comes from Elinor Glyn, who on marriage entered the most fashionable clique in England. She was a guest at Daisy Warwick's luxurious house-parties at Easton Lodge, where romantic involvements were nurtured as gently as the pheasants.

The greatest changes come naturally, with the passing generations. "As soon as the Castle became my father's property, things began to change," wrote Lady Diana Cooper in her memoirs. Central heating and bathrooms were put in, cars replaced horses. Much of this book is concerned with these alterations and adjustments. The Duchess of Buccleuch instals electricity in Drumlarig in the 1930s, instituting bedside-lamps instead of the single fierce central bulb.

It is such partial gradual concessions to comfort that make country house guests wary of the hazards that await them. Will one be unpacked for? Where is the bathroom and how far away? Does the supply of hot water cease after 7 pm? Will the house be icy cold?

Much of the book—too much—is taken up with the servant question. In many houses, staff were happy and stayed for generations. But servants could be tyrants. "Nanny was all-powerful. Kitchen and Nursery always at loggerheads." Lady Mander found her cook disagreeable, but did not think of replacing her. She was better served than the young Mary Curzon, married in 1894, whose servants continually grumbled.

Two of the châtelaines were prohibited by the gardeners from plucking and savouring their own peaches. Perhaps, sometimes, a little we are being teased? Certainly by Lady Dashwood, who pretends she did not know that the cuisine in her servants' hall was absolutely delicious, and cannot fool us that so intrepid and vital a character as herself, seen standing on scaffolding painting a ceiling, ever had difficulty in putting on her shoes.

"Glamour," said Cecil Beaton, "is always the generation before." Much of this book looks back to the Edwardian era, and so do the illustrations. Conspicouously missing are the innovations, albeit sometimes *mal vu*, of the 1920s and 1930s. Cocktails became popular: before the first war pre-prandial drinks were unheard-of. Sunbathing had been made fashionable by Coco Chanel in the early 1920s; swimming pools became "smart" in the 1930s. And in a book which considers Blandings Castle the ideal of life at this time, one character is notably absent. Where is the Hon Galahad Threepwood, denizen of stage doors, promoter of spring time romance?

The book is purposely good-mannered, discreet and bland. Its smooth texture weakens it; it hovers dangerously near the nostalgia market.

Jane Abdy

A shoot at Drumlarig, one of the Buccleuch estates

Fiction

Ambition steps out boldly

WALES' WORK
By Robert Walshe. Secker and Warburg £8.95. 279 pages.

ITALIA PERVERSA, PART I: STALIN'S ORPHANS
By Richard Appignanesi. Quartet £8.95. 206 pages.

THE KILLEEN
By Mary Leland. Hamish Hamilton £8.95. 136 pages.

CRISPIN'S SPUR
By Gordon Wardman. Secker and Warburg £8.95. 194 pages

FIRST NOVELS are a reviewer's treat (what next? what promise? what surprises?). This week all the novels are first ones: two can roughly be called experimental, two mainstream.

In the first category, Robert Walshe's *Wales' Work* is the more entertaining. It seems to have several godfathers: Nabokov (linguistically), Eco (in form); with bows to others, including Sherlock Holmes. Mysteries (one to each chapter), solved or not: questions, abstruse or blunt, asked and sometimes answered: a great bag of tricks, a device for story-telling and drum-beating, for circularity, deft confusion, or simply to get words on the page.

What happens is never horizontal or progressive. True, the narrator *is sent* from here to there *around* the world by crossword-like clues found in matrioshkas (those painted Russian dolls with smaller dolls inside them), which sounds like progress but has so many interruptions from past, future, conjecture or anecdote that one is never sure where his wanderings have got him or whether they are all in his head.

Who is Wales, who has died and left the narrator, Canadian Robert Radice (note similarities between these names and the author's), to be his literary executor and biographer? A publisher but much more, a corpse that seems to have risen to haunt his one-time employee and several ex-mistresses now given the occasional frisson of — in a sense — necrophilia. Maybe its bookish framework is most appealing to the bookish; its interwoven oddities, fast pace, obvious love of language and its humour seem to me irresistible.

More resistible is Richard Appignanesi's first volume of a trilogy to be called *Italia perversa*. *Stalin's Orphans*. An extremely ambitious book, it seems to flourish the seriousness of its intentions in a way the throwaway *Wales* never does. Its godfather seems to be Durrell: the same large cast of international characters overlapping physically and psychically across the years, the same vast (perhaps overweening?) intentions. But where Walshe makes images out of modern fact (the publishing world as a figure of much else), Appignanesi uses fact-in-itself, dealing with the world head-on: so far, pre- and post-war Europe, the fascist rise and aftermath; the wreck of lives, the repercussion of events on selected souls.

Oddly, its central characters are again Canadian, and the first third takes place in Montreal, thence moving to Vienna. It is all too easy for sheltered offshore readers to forget that millions alive today have seen horrors, changes, mysteries and lost identities too vast and in*credible* for fiction: life in the last half-century has outdone art to a degree that must baffle the novelist. Appignanesi's method with this great mass of material is to pick on this, touch that, dive down like a gull on a rubbish tip, worrying the odd worm. Relationships in *Stalin's Orphans* are so complex and the story is so open-ended that clearly, the three novels are to make one, and must be judged as a whole.

On a much smaller scale are the two mainstream novels, but these are also political, linked to the great outside forces. Mary Leland's *The Killeen* is a low-key Irish story set in Cork and the country nearby in the 1930s. Heroism or fanaticism (depending on how things are seen) dominates everyone's view of present and future. (My criticism here is that too much knowledge of modern Irish politics is presumed in the reader, who simply may not follow what has happened or understand the emotive power of particular names and events.)

A country girl, working as maid in a convent school, is seduced by an IRA man working in the garden while on the run. When she becomes pregnant a fiercely nationalist household takes her in and puts the child into a home geared to educate future IRA fighters, Margaret's efforts to save him from this end in disaster for the boy. A killeen is a cemetery where unbaptised children used to be buried.

Mary Leland writes with surprisingly "finished" skill, selecting moments, landscapes, faces and moods with great delicacy. As with a good water-colour it all looks effortless, but it is the result of exact judgment carefully applied.

Gordon Wardman's *Crispin's Spur* (acrylic rather than water-colour) is about terrorists too, seen in action, bomb-planting in a Royal Ordnance factory in the Midlands. The effort to make Party activists glamorous and their bomb plans exciting fails: boots, spurs and riding into the sunset are nods in a western direction but the sordid reality of terror intervenes.

A Kent antique dealer is brought out of his bourgeois disguise to set up a protest bombing. The crooked, the lapsed left-wingers, the turn-coats, the fanatical, the supposedly sane hero and his sympathetic henchman are all seen—in spite of the four-letter language—in a romantic haze. Bright, hard writing and some obvious talent, with a moral hole in the head.

Isabel Quigly

No return to the status quo ante

THE ISSUE OF WAR: STATES, SOCIETIES AND THE FAR EASTERN CONFLICT 1941-1945
by Christopher Thorne. Hamish Hamilton £15.00, 364 pages

PROFESSOR Christopher Thorne, who has already published a study of the Pacific War, *Allies of a Kind*, returns here to the same subject but on a far larger canvas. He is concerned with the ways political, economic, military, cultural, racial and sexual attitudes affect national and international configurations. The book goes back to the 1930s as well as covering the war-time period. All the nations involved in the Far Eastern war are discussed, primarily Japan, China, the United States, Britain, Australia and New Zealand though with due regard to France and the Netherlands, particularly the latter. Professor Thorne does not hesitate to discuss internal changes in these nations, however remote they may have been geographically from the area in conflict.

Such an ambitious effort was bound to produce unequal results. Specialists will undoubtedly find grounds for disagreement. Professor Thorne is an excellent linguist but does not have Far Eastern languages, a serious drawback when dealing with perceptions and sensibilities. His study goes far beyond the Far Eastern war, his interpretations of domestic changes in the United States as well as in Europe are open to challenge.

The result is a rich and always stimulating work which should interest a wide circle of readers. Few historians have written more intelligently or perceptively about the impact of the ideologies and actions of Japan and the Western powers on native societies already reacting to nationalist pressures and modernisation processes.

The Japanese claim to establish a "New Order" in Asia which would have nothing in common with Western imperialism evoked considerable support among anti-white, anti-imperialist and anti-capitalist groups in all the territories formerly ruled by the British, French and Dutch. Many in Malaya, Burma, Indonesia and India welcomed the new invader.

However, Japanese treatment of the occupied territories and the changes in the tide of war after the heady victories of 1941-42 turned some supporters into opponents. Burma is a case in point where during 1944-1945 contact was made with the British SOE group and the Burma National Army under Aung San came out in open revolt. Strange and often temporary war-time alliances were created between groups whose long-term goals were totally different.

Experience in each area was unique: Professor Thorne is very careful about facile generalisations even when depicting common experience. What has become clear in retrospect, and was far from understood either by the strongly, but not always consistently, anti-colonial Americans or by the former European colonial powers who expected, at least, a return to a modified form of the pre-war status quo, was the permanent alteration of the Far Eastern scene. The ultimate defeat of the Japanese was not going to turn back the clock. Neither the imperial nations nor the white men would regain their prestige or position. The Americans, for whom the war brought an unprecedented degree of international power and domestic growth, believed it was their turn "to bat in Asia." Although they distanced themselves from the colonialists, they did not appreciate the degree to which geo-political factors would limit their influence. Nor, as the Cold War developed, did they grasp to what extent their own national pre-occupation and ideologies would prove antipathetic to countries where nationalist intentions and racial identities had been immeasurably strengthened by the Pacific War.

Professor Thorne has written a sociology of historical change. Using the traditional tools of the historian, he has moved into territories where his professional colleagues have tended to avoid making connections, breaking down the usual barriers which separate those who study the behaviour of peoples, states, and international societies. There are few writers in the field of international history who have extended the diameters of the subject so far. It is this effort with regard to the Far Eastern War that makes his a book of the first importance.

Zara Steiner

A scourge on seven counts

TITO'S FLAWED LEGACY: YUGOSLAVIA AND THE WEST: 1939 TO 1984
by Nora Beloff. Gollancz £12.95. 287 pages

THE YUGOSLAV establishment has, to a large extent, brought the scourge of Nora Beloff down on its own head. Its hagiography of the late Marshal Tito, its sweeping under the historical carpet of some of the seamier wartime activities of Tito's partisans, its elevation of Titoist doctrines such as non-alignment abroad and worker self-management at home into holy writ, were almost certain, one day, to bring forth a de-bunker.

Scourge is what Ms Beloff sets out to be in attempting to de-bunk what she sees as seven major myths of Titoist Yugoslavia. Scourge is what the Belgrade authorities took her for, when they summarily expelled her from the country last autumn for "hostile propaganda," merely showing drafts of her book to some of her Yugoslav friends for comment. In these circumstances, it is perhaps not surprising that Ms Beloff's polemic ends up, overall, almost as one-sided as the "myths" she rails against.

There is much useful corrective in parts of this readable book. Communists in the Balkans—whether Tito in Yugoslavia or Hoxha in Albania—were fighting on two fronts during the war, against the Germans and against royalists (Mihailovic in Yugoslavia, Zogists in Albania) for overall post-war control. As it became clear that the Germans were losing, the royalist enemy assumed ever more importance.

Tito eventually won the war (though with under-rated help from the Western Allies and from the Soviet army in Serbia), and the civil war. The loser, Mihailovic, was executed for collaboration with the Germans. But Tito had *his* dealings with the Germans. In late 1942 he sought a truce from the Germans, according to Ms Beloff, in order to exchange prisoners, to have a breather in which to fight Mihailovic's men and astonishingly (Ms Beloff cites German archives as her source, but gives no details) to help oppose any attempted Anglo-American landing on the Adriatic coast.

She also underscores the naivety of many British officials who, having plumped for the partisans as the most effective resistance group to back, wanted to think of them in the rosiest terms. "We . . . put the word Communist, when used at all, in inverted commas as a German propaganda lie," wrote Evelyn Waugh.

She goes awry in more recent history. She tries to make the case that Yugoslavia has been a closet ally of Moscow in foreign policy. While the non-aligned movement which Tito helped found has often had an anti-Western colouration (due to its anti-colonialist roots), it is also true that Tito spent much energy at the end of his life trying to head off the Cuban assertion that Moscow was the "natural ally" of the non-aligned.

There is a more serious case (Ms Beloff fleetingly touches on it) that Yugoslavia's leading role in the non-aligned movement has been, at best, irrelevant to Yugoslavia's pressing problems, at worst, an excuse for avoiding economic reform at home. Yugoslavia, for all its Third World contacts, does less than a quarter of its trade there.

At the end of her polemic, Ms Beloff sensibly concludes that Western governments should at least stop behaving like deaf-mutes about human rights violations in Yugoslavia, simply because they do not want to disturb such a valuable strategic buffer against the Warsaw Pact. Yugoslavia differs from the soviet bloc in one key respect: malcontents, with a few exceptions like Milovan Djilas, are free to leave. But its human rights record has worsened recently, as Amnesty reports show. For the West not to make known its concern, as it does with Soviet block countries, leaves Western governments open to the charge of applying a double standard.

David Buchan

Josip Broz, Marshall Tito

CRIME

The Crazy Kill by Chester Himes, Allison & Busby, £7.95, 159 pages

Cotton Comes to Harlem by Chester Himes, Allison & Busby £7.95, 159 pages

WHEN HE left the U.S. in 1954 and came to live in Europe, Chester Himes was already a well-known writer, in the school of James M. Cain, with one difference: he was black. In Paris, he began writing thrillers (Allison & Busby is now reissuing them), which immediately enjoyed a success in France and, subsequently, also in America. The Harlem of these two novels has, in fact, a slightly foreign cast: it is Harlem much as Europeans imagine it, with high-yaller gals, exotically dressed pimps, jam sessions, okra and barbecued pig-ears, the Cotton Club and Small's Paradise. Even in the 1950's and '60's when these books were written, Hime's Harlem was more nostalgic than actual. Now, it is archeological. Or rather, it has a kind of carefully constructed reality, like the 87th Precinct of Ed McBain.

Mostly, it serves as a colourful, shifting background for the adventures of Hime's two black detectives, Coffin Ed Johnson and Grave Digger Jones, whose relationship with their white Lieutenant is emblematic of the racial tension that underlies the stories and gives them an interest, a raw nerve-end electricity beyond their ingenious plots.

VERY OLD MONEY
by Stanley Ellin, Andre Deutsch £8.95, 312 pages.

MICHAEL, a schoolteacher, and his wife, Amy, a secretary, are unemployed; and the job market in New York is overstocked in their fields. After being mugged twice, Michael is disillusioned with taxi-driving; and so he and Amy become a "hired couple," chauffeur and assistant-housekeeper (with secretarial duties) for a rich family. Rich and, of course, eccentric. Mostly their eccentricity takes the form of intense privacy. Everyone enjoys tales of the very, very rich (hence the success of *Dallas* and *Dynasty*) and Ellin's descriptions of life below stairs are riveting, not least because of their obvious accuracy. The actual crime, essential to the plot though it is, comes almost as an appendix: it is the interplay of character that affords the greatest interest and satisfaction. All written with urbanity and acumen.

CEREMONY OF INNOCENCE
by S. F. X. Dixon. Gollancz £8.95, 196 pages

THE SINISTER Chinese official who is one of the three main characters in this novel does not believe in coincidences, and the chance meeting at the story's outset — a surprise encounter between two long-separated old friends—is a bit hard to swallow. But never mind. The novel, which ranges freely between present and past, between Britain and China, has a stimulating wealth of imagination, a fine sense of place, and a great cinematic dénouement.

DEATH IN FASHION
by Marian Babson. Collins £7.50, 160 pages

AFTER THE worlds of catering, films, advertising, Marian Babson casts a cool eye on the fashion business, murderous in every sense. The familiar, welcome Babson combination of dead-eye accuracy and light-hearted, cuckoo invention.

William Weaver

Not everyone can be as frank

THE RISK TAKERS: PORTRAITS OF MONEY EGO & POWER
by Jeffrey Robinson. George Allen & Unwin £10.95. 286 pages.

"I HAVE nothing to hide. There are no skeletons," Jacob Rothschild tells the author of this book, Jeffrey Robinson, who then writes: "Not everybody in this book can be as frank."

Whoever can he mean? The reader is left to scan the lengthy quotes and the deferential analysis of the other fourteen chosen subjects, and wonder who is leading Mr Robinson up the garden path. It would be an unusually honest tycoon who did not succumb to the temptation.

Exactly what the tycoons made of the apparently brash, showbiz-influenced American journalist who came to interview them can only be guessed at. Robert Maxwell, we are told, kept him waiting for 45 minutes; in seeming revenge Mr Robinson sprinkles his short chapter on Maxwell with Chairman Bob anecdotes.

Several evidently thought he would be interested in leaks about new issues. The Roux Brothers are, it transpires, planning to float a chain of frozen vacuum-cooked fast-food gourmet restaurants, and Richard Branson is toying with the idea of launching Virgin on to the USM.

Asil Nadir took the chance of a free pot shot at the Press. "One hopes that, given time, the quality of journalism will be better."

There is a great deal of boasting about the jet set way of life. "I'm in an airplane five days a week, at least," says Robert Sangster. Gerald Ronson travels 200,000 miles a year. Ashraf Marwan is by comparison a real stay-at-home, clocking up a mere 1,000 flying hours a year.

Dr Marwan, by the way, is labelled as definitely mysterious. "Why mysterious? I'm not mysterious," he protests. But Mr Robinson judges that maybe you are mysterious if other people think you are. Lots of people think he is mysterious. At any rate, Mr Robinson does. After all, "his voice is low, laced with the sort of thick accent that gets used in films about the Middle East—used by actors who are trying to sound,—yes, mysterious."

Certainly Jeffrey Robinson does not seem to mind putting words in the mouths of his subjects. "Robert Maxwell likes to think of himself as the British version of America's Armand Hammer," he asserts, but adds: "At least, when someone says it about him, he doesn't argue the point."

Maybe the idea of bringing a colourful, gossip-column style to the business world is not such a bad one, but unfortunately Mr Robinson does not do a very good job. He denies that he is a financial journalist or a business writer. This cannot, however, excuse the book's inconsistencies and inadequacies.

After all, several of the chapters contain quite lengthy descriptions of the past business doings of the subject, including the complex dealings of Tiny Rowland at Lonrho and Ian Posgate at Lloyd's. Others, in contrast, are largely made up of transcribed tapes of interviews. There is no attempt to pull themes together, or establish some kind of pattern of behaviour which might justify writing the book. But the follower of the British business scene will find it occasionally entertaining, which may be all the author was aiming to achieve.

Readers may, however, be puzzled at the erratic selection of subject: not all, it becomes clear, Mr Robinson's first choices. Alan Bond, Robert Holmes à Court and Alfred Taubman were among those who refused an interview. They are unlikely to regret it.

Barry Riley

Ice dancing

Devoted to the cheap effect

"Who will ever forget," enquires the programme foreword, *"the thrill of that moment in Sarajevo"* . . . and the mind races ahead to the shooting of the Archduke Franz Ferdinand. But no . . . . *"when Jayne Torvill and Christopher Dean achieved the impossible."* The "impossible," according to the programme, was perfect marks for figure skating, and this week, launched from the pinnacle of world championship status, the darlings of television ice-watchers unveiled their ice-dance company.

They are, as devotees know, two skaters who work as one, their physical synchronicity and sympathy, as well as their technical virtuosity, justly recognised in the honours they have won. But ice dancing? Dancing is a blanket word covering a myriad brutalisms as well as virtues, and championship ice-dancing, with its set forms of social dance laid on the icelike cod on a fishmonger's slab, often has the artistic horizons and aspirations of a fox-trot contest. It is John Curry, visionary quite as much as champion, who has shown that skating can be an art of the theatre on its own terms, owing something to the disciplines of academic ballet, but producing works in which Curry's own genius as a performer shines mysterious and unique.

Very different Torvill and Dean in this slick entertainment, with its supporting cast of 16 skaters, its complicated lighting effects, over-amplified and acidly recorded music, and its show-business gloss. Nothing can detract from the virtuosity of its stars: they skate as one —and are never seen in solos— and they provide just what their fans will expect. But as ice-dancing there is little to commend beyond the ability of the performers. In their duets, those exhibitions of jaunty, or soulful togetherness, Torvill and Dean resemble nothing so much as music-hall adagio dancers who have put their acrobatics on ice. Such numbers as *Mack and Mabel*, *Barnum*, a Paso-doble and a Tango, mine a narrow lode of skating double-work with brilliance, but never move into that region marked out by Curry where skating achieves a fresh imaginative life as dance.

The ensembles look more like open cast digging for cheap effects and coarse pretensions to theatricality, and they are, I infer, owed to Graeme Murphy as choreographer. Mr Murphy's ballets have been seen here with his Sydney Dance Company, and I remember them as more notable for their blatancy than for any inventive merit. Now we have his work transferred to ice, in a *Heaven* which maltreats two movements from the Poulenc Gloria, with dancers in silver jackboots (costuming is generally crass) sliding amid steaming clouds of dry ice and a shower of soap bubbles. There is the pedant *Hell* (a title merited by *Heaven*) which finds the devil and his cohorts whipping round the arena in a red light to the strains of rock music. I thought it a nadir of bad taste.

The culminating *Planets* by Mr Murphy is another lumpen exploitation of a score, Holst edited and re-orchestrated in part, replete with gimcrack entries which fascinate by their vulgarity but offer nothing save the most obvious comment upon music or theme. Torvill and Dean appear, inevitably, to the big tune from Jupiter, and have a Loie Fuller moment in Venus.

It is significant that two of the most satisfying items in the evening — Gary Beacom's *Tuxedo*, and the *Torro* for Lea Ann Miller and William Fauver —have the uncomplicated air of competition material, and are all the more honestly enjoyable for that.

As a finale, of course, Torvill and Dean appear in their *Bolero*. That they use Ravel's deadly exercise in orchestration in search of music seems to me revealing. Mr Dean's impeccable and quiet strength in partnering, Miss Torvill's quickness and her trust in her partner, are everywhere apparent. What is lacking is any indication that ice-dancing may aspire to something beyond the tight-knit fact of their style. One has but to recall John Curry's *Icarus* or his *Nutcracker* adagio to comprehend that it is possible to free skating from its strait-jacket of tricks and winsomeness and sequins, and show it as an art where skater and dance may unite to create a new form of theatrical beauty.

Clement Crisp

Alastair Muir

Torvill and Dean — not afraid to be funny

An irresistible razzamatazz

JOHN WESLEY despaired of the people of Bristol: "So good and so dull. It is scarce possible to strike any spark in them." A glow of satisfaction that may yet ignite something greater, however, currently irradiates the city that sent the fictional Jim Hawkins to his treasure island and the factual Thomas Chatterton to a teenage suicide.

Another local son, Robin Cousins, has improved on Chatterton and returned to his native town, complete with *MBE*, to give the first theatre presentation after a world tour of ice show locales, of *Ice Majesty* at the Hippodrome.

The local public that stayed away from the try-out of *Are You Lonesome Tonight* in theatre-emptying droves, and was sufficiently sparkish to boo Pintilie's new *Rigoletto* for Welsh National Opera, responded with the only standing ovation I have seen in Bristol.

Rightly so. Mr Cousins's first shot at the new art of ice-dancing, *Electric Ice*, two years ago, was pretty, accomplished and insubstantial, owing much to the element of risk implicit in skating. *Ice Majesty* is immeasurably better: varied, colourful, brave and exhilarating.

Immense thought has gone into the visual side. The blank backdrop displays changing colours, kaleidoscopic patterns or magnified frost-crystals. The opening, to music by Rick Wakeman, promises the familiar mixture of grace and danger, with the men in red trousers and shiny sweet-wrapper tops; but the show's ambitions become plain when the star emerges from silhouette to red twilight in a moodily intense Spanish number. "Body Moves" is a series of abstract manoeuvres against a background of scudding clouds, the company in black leotards, slacks and skirts. The marvellously infectious apotheosis of *break-dancing in "Rockit" is all* jerky, robotic movements to Herbie Hancock's music. "Street Heat," its tarts and toughs erupting into tragic violence, perhaps owes more to the distant memory of *Miracle in the Gorbals* than *West Side Story*.

More conventionally balletic, "Scherzo", to poor Litolff's only hit, strikes the right note of romantic high spirits; and humour breaks through with the hill-billies of "Duelling Banjos" and Mr Cousins himself, not afraid to be funny in baggy spangled trousers and glitter tie in the "Swing Time" finale.

All of which almost overlooks the salient factor: the performers are on skates. Just when one accepts them as dancers, a leaping figure contacts earth again only to continue that breathless, skimming motion — and a couple of mishaps on the first night merely underlined the dazzling ability of the company where the former Olympic Gold Medallist is *primus inter pares*. The co-choreographer Allen Schramm is a human spinning top with flying blond hair, speeding round the stage while lying back on an invisible mattress. His "Pleasuredome" routine to Frankie's music marks him out as a modern dancer who has incorporated the new element and, perhaps more than anyone else, created a new form.

Mr Cousins himself, an unmistakable star presence, had to lead the delighted company in an encore of the finale, thus tempting providence with a *third of his breathtaking* back-flips. The show ended with beautifully-drilled and irresistible razzamatazz from a team that worked as one.

Martin Hoyle

Theatre

Life in the aftermath

EDWARD BOND'S three *War Plays* were presented on Thursday afternoon and evening by *the Royal Shakespeare Company* in The Pit of the Barbican. It was a grim and demanding experience, stretching across just under six hours, with Bond imagining the unimaginable on *what remains of this planet* after a nuclear war.

The first play, *Red Black and Ignorant* (seen last year at lunchtime in the "Thought-crimes" season), is introduced by Ian McDiarmid as a charred, entirely black baby. We are to witness scenes from the life he did not live before the rockets destroyed the earth and the earth—the empty whisky bottles and the mountains—whistled in derision at the lord of its creation.

The apocalyptic tone is set, but the collaboration of man in his own destruction is shown in his decline into greed and despair. A boy leaves a woman to die under a concrete slab so that he can take the one job left. Cries for help go unheeded. The boy joins the army and returns home to shoot his father.

In *The Tin Can People*, Ian McDiarmid has exchanged his *coal-black* demeanour for his Albert Einstein wig. He is a dotty travelling intruder in a community of survivors of the holocaust. People drop dead suddenly, but their skins have rotted slowly. A constant theme of the trilogy is the shock of recognising oneself in another human being: the old man is presumed to be contaminated as he is slightly different and older.

This play is full of violence *and pious phrase-making* (a reader intones wise saws about justice and the bomb), the least impressive of the trilogy, but the performance has some compensatory shock impact, *notably in the sense of hanging* on to life, scrabbling among the tin can supply, while death calmly takes it toll.

The best and by far the longest play, *Great Peace*, *suggests that, after a period of* time, human and family ties have been renewed at least to the point where they may once more weaken and snap. The mother of Play One has a new young child. Her elder son is under military instruction to kill an infant in his street. All soldiers have been similarly commanded, as there is not enough food to go around. There are rumours of "concentrated camps," terrorists running wild, scenes of mass starvation. Are these things unlikely, are they even unknown, Bond asks, not unreasonably.

The baby as an inanimate bundle of clothes is taken out of an environment vaguely reminiscent of Bond's earlier play *Saved* and transformed into a stunning theatrical symbol as the bereaved mother takes to the desert, inconsolable and unforgiving, courageous and self-supporting; Bond's large themes of maternal and filial loyalties, of charity and neighbourliness, are etched in a cumulatively mythic and tragic scenario on the blasted ice-cap.

Nick Hamm's very fine company rises to this challenge with some power. Maggie Steed finds new resonant notes in her essentially *comic delivery* as the Mother, one minute revealing the baby to be a mere bundle, the next throwing its squeaky voice like a ventriloquist. Her friend, Mrs Symmons, whose *child she nearly betrayed in the* tatty three-piece purgatory, is given a magisterial tragic dimension by Ann Mitchell on the mountainside. The daughter (Josette Simon) is counterpart to Gary Oldman's penitently solicitous army son. But the ravaged women have strength only to die magnificently.

There is much superb writing in this last play, but at just over three and a half hours it is a mightily long haul. Who's got the dramaturge's scissors? That said, Stewart Laing's design makes good use of the Pit's open back wall and Michael Calf's brilliant white light pins the figures and their shadows in a *Brand-like* wasted vista. A candlelit community of rescuers discuss how, before the disaster, people managed for centuries without electricity. They are now starting afresh. We are beyond history, beyond war, beyond even grief itself.

I am not sure that Bond has yet written the great, definitive, pessimistic, apocalyptic play he has been threatening to write for several years. But *Great Peace* is the nearest he has come. It has remarkable qualities as an afterthought to the aftermath.

Michael Coveney

Alastair Muir

Maggie Steed (left) and Ann Mitchell in Edward Bond's "War Plays"

Exhibition

The enchantment of the Buddha

"Amitabha" at the British Museum

Buddhism: Art and Faith, at the British Museum until 5 January, 1986, is a magnificent exhibition which nobody should miss. It deserves to be a milestone in the growth of understanding and appreciation of Buddhism in this country.

If anything can explain the complexities of Buddhism's protean development since 483 BC when Siddhartha Gautama, the historical Buddha, died in Nepal, it will be this exhibition. The catalogue is a model of lucidity, while the overall design, maps and photographs are excellent. Hot from the street, visitors encounter the calm of Zen Buddhism, a clever introduction since Zen and motorcycles remains for many an automatic, if rather confused, mental association.

The stairs become an ascent of temple steps, past gigantic Buddhas, bells and the delicate Gandharan friezes. For once I could almost have done with a sound-track of chanting monks. Imagination must furnish it, richly stimulated by the great variety of objects which evoke Buddhism among princes, scholars, ascetics and peasants. It is impressive indeed to realise that the exhibition comes almost entirely from the British Museum's and British Library's holdings.

Neither literary nor artistic monuments of Buddhism survive from before the middle of the third century BC when the Indian Emperor Asóka converted and began to build the great *stupas* or memorial mounds. Yet another three centuries passed before representations of Buddha started to appear. Up till then he had been suggested by footprints, or symbolised by a standing woman (his mother), a tree, a wheel or a *stupa*.

One of the fascinations of the ations which the image of Buddah has taken across the centuries and in so many cultures. However, perhaps the strangest guise was that he took at the beginning, in the art of Gandhara. In the temples of the Peshawar Valley in Pakistan and Afghanistan the figures are in a style which anyone will recognise as classical. For here on the trade route leading to the Mediterranean, India met the legacy of Greece.

However, the Buddha we usually think of is the seated figure, feet crossed before him, with pendant ear-lobes and the cranial bump of wisdom. Yet there are a further 32 major and 80 minor marks to learn before one recognises the Enlightened One, or Buddha. With only the subtlest changes, the sculptors make Buddha welcoming, stern, reassuring or sublimely withdrawn. Even a 19th-century Burmese sculpture, gawdy with mirror-glass, is an inspirational work which shows Buddha reclining with the most *elegant calm to await death*.

This is an excellent exhibition for the children's summer holidays. Such is the array of objects, from brilliant scrolls of monsters to silver prayer-wheels, that even children particularly prone to museum collapse should find amusement. Both charming and even gently edifying are the scenes from Buddha's preparatory lives, when he was born as animals as well as humans.

Such is the story on a *Sri* Lankan palm leaf, of Buddha's life as a golden deer in the herd belonging to the grossly carnivorous King of Benares. To avoid the misery of the chase, the deer drew lots for the slaughter. When a pregnant doe took the short straw, Buddha came forward to take her place, and the King saw *his error—and presumably* became vegetarian.

With so much to learn, many visitors will be glad to follow up with the lectures on Buddhist art and belief which will take place at the British Museum in August and October. But Buddhism flourishes at large in Britain today, and it is possible to go no further than Wimbledon to find the most flamboyant of all London's places of worship.

Uposatha Hall is a Thai temple, inaugurated in 1982, although only now is the interior being completed with vivid frescoes of the life of Buddha. They are the work of young Thai artists who have volunteered to complete this *dazzling jewel-case* of a building.

This brilliant red, white and gold temple is the setting for the austere devotions of 10 missionary monks. They face the rigours of the British climate and breakfast (baked-beans rather than pot-luck with a begging-bowl), in order to teach and answer the question of the growing number of people *in*terested in Buddhism. It is a nice thought that within earshot of the umpire's cry, monks are chanting their prayers. My guess is that by the time the exhibition at the British Museum *has* run its course, many more curious visitors will be inquiring into the source of that serenity which remains the abiding impression of a remarkable show.

Patricia Morison

Radio

Tribute to Robert Graves

ROBERT GRAVES's 90th birthday last Wednesday was handsomely celebrated this week, with *I, Claudius* as the Monday play and three smaller-scale pieces, two on Radio 3, one on Radio 4, to mark the actual day itself. Timothy West was a splendid Claudius in the play, (adapted for radio by Eric Ewens). His lisp, his aspirated sibilants, his convincingly natural stammer were an effectively transparent mask *for a bright and intelligent* man. Novel, play and television have made us so familiar with this little slice of Roman history (containing ever more murders than the Saturday play, *Peter Simpkin's Lucky 13*, though generally tidier) that a 90-minute version had a slightly condensed feel about it, but it was as exciting and as joyous as ever. Among the big and admirable cast, Mary Morris's Livia was first-class, and I liked David Learner as the silly little brute Caligula.

Of Radio 3's pieces, the first was a mock *Life of the Poet* in a Roman setting, beautifully read by Robert Eddison. The other was a snatch of gossip among the Catalans in Barcelona, discussing, without issue, the *murder of a small* antique-dealer who had refused to sell her freehold to the bank. *They Say . . . They Say* was its title, and the conversation was presented as if it were part of a broadcast travelogue. *The Face in the Mirror*, on Radio 4, gave a more authentic account of the poet's life than did "Gaius Suetonius Tranquillus" *in his Lives of the Britannic Poets*, for it was compiled by Sue Limb from the poet's own documents, his letters and his verse. The week's tribute had the sense not to take Robert Graves more seriously than he takes himself.

This has been, in a modest way, Scottish Arts Week on Radio 4. It began (unless you count the splendid Sunday serial of *Kidnapped and Catriona*) with a smashing piece about the Orkneys, *Orcadiana*, on Monday. Very brightly, the presented, Neville Garden, began with a few bars of Dvorak's Mass. Orkney? Yes, it came from St Magnus Cathedral, and it showed the island's concern not only with their own arts, but with all art. Orkney, said Peter Maxwell Davies, is "many-layered." We heard school singing and song-and-dance shows that spring from the social customs. Theatre is amateur only; but there is an art-gallery that tends to show exhibitions of Orcandian painters. This was a fine programme.

Then on Tuesday we had half an hour on the Glasgow Citizens Theatre. No excuses from Messrs Havergal, Macdonald and Prowse. The Citz was designed to bring good plays to good houses in an interesting way. If (as a Scottish playwright insisted) it had too little to do with Scotland and Glasgow, this *was because they were deli*berately playing in the international league, not the Scottish league. I am prejudiced in their favour; but I do think that Mary Brennan, who devised the programme, brought too little anti-Citz argument into it. Perhaps she found it hard to get any.

Two programmes worth recording in their different ways. *Peking Park* on Radio 4 on Wednesday was a real surprise. The parks of Peking, visited by Sue Lake in the very early morning, were full of people singing opera, practising martial arts, or doing *chi gung*, a kind of mental therapy; and what's more, the parks were "more like a building site," with some trees but no flowers.

Also on Radio 4 there was a programme about a popular lyric-writer of whom few of us will have heard. Who would know that Clifford Grey (né Percival Davies) wrote: "If you were the only girl in the world," and went to America to collaborate with Jerome Kern, Vincent Youmans, Rudolf Friml, Sigmund Romberg, that he wrote "Hallelujah" for *Hit the Deck? True, his lyrics compare* badly with Lorenz Hart, but his career was amazing. He even got an Olympic gold for the bobsled.

B. A. Young

Video

Survival of the visuals

EVERY now and then, big-budget movies that have been fanfared mightily while in pro*duction totally fail to put in an* appearance at the cinemas. Months after their due release date, they trickle humbly into the video shops, sent there by studios who have decided that the films won't make enough money at the box-office to justify the costs of distribution and promotion.

Of course movie history is littered with great films which their parent studios thought unreleasable. Stroheim's *Greed*, Welles's *The Magnificent Ambersons*, Peckinpah's *The Wild Bunch*: the solution in the pre-*video age for films like this*, that were thought to be audience-proof, was to hack them about until they hopefully were'nt. Even, in *Ambersons's* case, to the extent of tacking on a *newly shot happy ending*.

Today—praise be:—there's thebottomless bin of the video market. This allows films like this summer's *The Keep* and *Iceman* (both CIC) to survive and circulate with scarcely any extra expense to the studio.

Two years ago *The Keep* was bubbling away in production at Shepperton Studios, Columbia's *intended blockbuster-of-the-year*. A tale of Nazis, castles and vampiric monsters, it had a S20m budget, a highly-touted director (Michael Mann of *Thief*) and what was hoped would be a riot of Special FX.

Seeing it today on video, one can see why the Columbia chiefs blew their corporate fuses. The plot, adapted by Mann from a shock-horror best-seller by F. Paul Wilson, has come out as an uproariously gaga piece of *grand guignol*. Rack his brain how he will, the viewer *has a hard time under*standing why the Nazi troop led by Jürgen Pröchnow insist on immuring themselves in this Romanian castle which they know to be demon-possessed; why Ian McKellen as a Jewish paranormal expert (paroled from Dachau) can't come up with some decent ideas for combatting the monster; what Scott Glenn is doing as one 'Glaeken Trismegistus' who comes all the way from Greece to meet the monster and who when injured leaks green blood; and who exactly the said monster is meant to be.

But — and it's a mighty but — the film *looks* sensational. Why couldn't Columbia have released it, one wonders, as a *folie de grandeur* by a team of movie visionaries? There are vast underground vistas of dripping castle; there is whooshing ectoplasmic cannibalism as "Molasar" (that's the monster) eats his Nazi prey skin and soul, like a cosmic vacuum cleaner; and there is the beautiful mist-hung Romanian village, built by Mann (in a Welsh slate quarry) in the tortured-picturesque style of German Expressionism.

The Keep may not be a feast for the mind (*Greed* or *Ambersons* it isn't) but for the eyes it's a banquet. And so are many of the scenes in *Iceman*, directed by Fred Schepisi (of *The Chant of Jimmy Blacksmith*). Here we have another "monster": a deep-frozen troglodyte whom a team of U.S. scientists find in a cave.

The plot runs out of steam and into daftness before the close, just like *The Keep*. But Schepsisi's icy landscapes, photographed on location in Canada by his fellow Australian Ian Baker, are as dazzling as the other movie's recreated Romania. The camera purrs over tundras vast, silver and pinging, their crags and caves rearing like white Inquisition hoods, and at such moments you cry, "Who needs a plot anyway? Visual poetry in the cinema is so much rarer."

But of course the best films combine both. And one can partly understand the studio chiefs' disarray at seeing, in both *The Keep* and *Iceman*, numinous visuals piled on near-nonsense narratives. We can only give thanks that, thanks to video, the visuals have survived, and so will those of many flawed *magna opera* in the cinema to come.

Nigel Andrews

WEEKEND FT

Private View

TV trade surplus

THERE ARE some things about Japan which do not quite add up. The country makes arguably the best cars in the world but its own roads are woefully inadequate; its audio manufacturers are nonpareil yet the domestic airwaves are barren in quality and quantity (only two FM stations in Tokyo, for example): but surely nowhere is the dichotomy so apparent as in the weird and wonderful world of Japanese television.

It has taken me a long time to work out exactly what it is about Japanese TV that is so fundamentally odd. Light finally dawned in the small hours of three mornings, all in the last fortnight, while watching three imported programmes: Wimbledon, the British Open and the Live Aid concert. It is that, in Japan, television, the visual medium, has really nothing to do with pictures at all. What makes it unique is talk.

This may come as a surprise to the outside world, for there is an external image of the Japanese as silent folk, prone to contemplation or, in the case of TV samurai, to emoting quietly before the next back-hand uppercut swordstroke. The Japanese themselves like to propagate this theory. They claim they can "sense" what someone else is thinking, which renders mere words superfluous and the directness of the English language, for example, positively insulting.

If there is truth in this, it does not run to television. For in Japan to allow a picture to speak for itself without an accompanying cacaphony of explanatory words is a professional sin equivalent to dancing the rhumba behind the bowler's arm. It does not really matter what the words are about — the batter's average, the weather in Okinawa, the price of tuna, the trade surplus —so long as there are many of them.

Repetition is no vice either, for the watching audience must be left in no doubt about what has been seen and why it was, or was not, significant. A word is worth a thousand pictures.

This explains why most Japanese TV programmes have small armies of hosts and hostesses ensuring that no word is left unturned. It should be here noted that whatever progress Japanese women may be making elsewhere in society, their TV role remains essentially that of an echo chamber to their male colleagues: their most important qualification is the ability to say "soo desu nee" (isn't that so?) in several octaves and to giggle a lot.

Thus the Live Aid telecast never had less than six local commentators onthe screen at any given moment, all garbed in appropriate "Jap pop" gear. All managed to say something about everything, especially the Bowie-Jagger "Dancin' in the Streets" number, though the opinions offered were ,as far as could be determined, identical to each other.

Commentary on Becker versus Curren only lapsed into merciful, exhausted, silence in the neck of the night here. Admittedly some of it had been quite informative, such as the interesting dissertation on the fact that the cream that accompanies Wimbledon strawberries is of a type unobtainable in Japan; less felicitous was that this conversation rambled on through several important points in the third set.

What turned out to be Sandy Lyle's critical birdies at the 15th also passed us by, because, at that precise moment, a retired Japanese baseball manager had been found in the crowd at Royal St George's and was reinforcing everybody else's opinion on what an interesting course it was (not like those in Japan, naturally).

Japanese TV also has rules, to which what may be happening on screen is completely secondary.

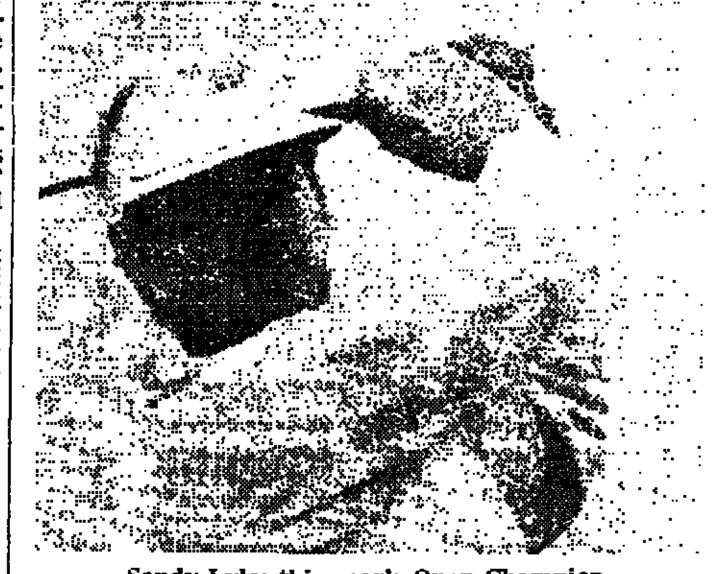
Here, basefall games go off the air when their time is up, regardless of the state of the game. True to form, the Live Aid concert finale was abruptly ended in mid-song (after 15 hours yet) to switch to a scheduled quiz show: the Becker-Curren second set tie-break was mostly lost to a regular newsbreak.

But it is mostly about talk. A cynic might argue it is all part of the game designed to ensure that there is a Japanese view on everything and that it must be thoroughly imbued: a simpler conclusion is that Japan is a nation of windbags and has found in television, of all media, the perfect outlet. And who is to know?

After all, Japan exports the sets, but not the programmes.

Jurek Martin

Sport



Sandy Lyle: this year's Open Champion

Open travellers

TYPICALLY of the man, Sandy Lyle, the first British-born Open champion for 16 years, was back at work the morning after his epic victory at Royal St George's, Sandwich, playing in the Guy Wolstenholme Memorial Pro-Am at Sunningdale last Monday after four hours' sleep.

This low-key, admirable Scot refused to turn his back on the dependence of a brother professional—tragically stricken down by cancer recently—in order to bask in his own glory. And the modest Lyle will resume battling on the European tour in the Scandinavian Enterprise Open next week in Stockholm. By the time you read this he may well have ignored an automatic invitation to compete in the U.S. PGA championship the following week at Cherry Hills, Denver, Colorado in favour of the Glasgow Open from which his family emanates.

Despite these strong ties I hope Lyle will seize his opportunity to make the American absenteeism from Sandwich all the more culpable by going to Denver. Ironically Lyle has already passed up this weekend's Dutch Open while Curtis Strange, America's leading money winner and predominant performer in 1985, the most notable absentee last week, has reputedly accepted a large sum of appearance money, possibly $30,000, to turn out in Holland.

Mark O'Meara, who played so admirably at Royal St George's to finish in a tie for third place, hit the nail on the head when he suggested that authorities on both sides of the Atlantic should get together to sort out a mutually agreeably system of qualifying for the two Premier Open championships in the world. It is ridiculous to expect large numbers of Americans to fly to Britain in the hope of pre-qualifying. And the reason why the U.S. Open championship is largely ignored by overseas golfers is because they would have to spend weeks in America trying to survive several qualifying competitions at various levels there before teeing it up in the big event, obviously financially prohibitive. While the Open championship here in one recent year boasted competitors from 26 nations, only five had competed a month previously in the U.S. Open. Surely European players could play their qualifying rounds for the U.S. Open in Europe. And a scheme should be worked out to allow Americans similarly to qualify for the British event on their home soil.

It would be shameful if the British Open was allowed to diminish in stature to its miserably low level of the 1950s by virtue of absentee Americans. But it is significant that in a year notable for this omission, the Americans still provided four of the top 10 and eight of the top 20 at Sandwich where, incidentally, no fewer than 10 different nations were represented in that top score.

Seve Ballesteros, a disappointing 10 strokes behind the winner, but impossibly burdened as such a low-priced favourite, pointed out that it would be fairer to every competitor, not to speak of everyone else, if play started from both first and 10th tees during the first two rounds. It is inevitable that when play lasts over 14 hours a day in weather than can produce four different seasons in a much shorter time span, many will suffer from the luck of the draw. For instance, the late starters at Sandwich on the first day were out early the next morning, and on both occasions they got hit by far the worst of the weather. There would be no need for play to start so early and go on so late if Ballesteros's suggestion was taken up.

Royal St George's again proved an excellent venue on all counts. In terms of space for sideshows and parking it has no superior in England. The course, and its humps and hollows, are as baffling, as those at St Andrews. It presented a true examination to the world's best. There were some traffic problems on the first day, but they were quickly ironed out by the splendid gentlemen of the Kent constabulary, who again did a masterly job in handling a record 138,027 spectators. Sandwich richly deserves its next Open, rumoured to be in 1992 at the latest.

There are those who see the demise of Jack Nicklaus, missing the cut in consecutive major championships for the first time (he also failed at the U.S. Open), the failure of Craig Stadler and Lanny Wadkins to survive the second cut after three rounds, and Tom Watson's lack - lustre performance in finishing 12 strokes behind Lyle, as confirmation of the end of an era of American domination. That may be so.

But to suggest, as some have done, that the up and coming crop of young Americans is mediocre is as mistaken as it is complacent and insulting. What is definitely true is a swing in the balance of power in favour of the rest of the world, against whose best I have always believed the Ryder Cup match should be played by America. Besides Lyle the top 20 at Sandwich contained a second Scot, a Welshman, two Englishmen, two Irishmen, two Spaniards, a West German, a Swede, a Brazilian and four Australians.

Ben Wright

Up from rock bottom

GLOUCESTERSHIRE, the county of W. G. Grace and more than a century of great players, have not won a county cricket championship for more than a century. But this year looks like the year of their renaissance.

They are now engaged with Middlesex and Hampshire in a three-cornered fight for the Britannic County Championship, while the way they recently beat Northants in the NatWest Trophy suggested they have a real chance of reaching the final at Lords. They last achieved this under Mike Procter back in the 1970s.

Their great players of the past include Grace, Gilbert Jessop, Charlie Parker, Tom Goddard, Wally Hammond, Charlie Barnett, Tom Graveney, Mike Procter and Zaheer Abbas, but the club's playing record has been unexceptional —it is more than a century since they were county champions.

Last summer they hit rock bottom, finishing last in the championship with a solitary victory and losing five out of their last six matches, three by an innings. (Only Derbyshire obtained fewer points in the John Player League).

Gloucestershire were beaten by the Combined Universities in the Benson and Hedges Cup and were eliminated from the NatWest Trophy after Lancashire had been put into bat and scored 349 for 6 in 60 overs.

As happens to managers of relegated football clubs, there were loud calls to dismiss the luckless Gloucestershire captain, David Graveney, who offered his resignation.

However, the disasters of 1984 essentially were more from lack of playing ability and an anaemic attack than from poor captaincy. To their credit, the committee recognised this fact and reappointed David, who is now showing that he is one of the more astute skippers on the county circuit.

This summer, the county have had two genuinely quick bowlers, Courtney Walsh and David Lawrence, roaring up to the wicket and hurling the ball down, so that batting against Gloucestershire which for several years has been something of a paradise, has lost its charm.

David Lawrence: raw, erratic and exciting

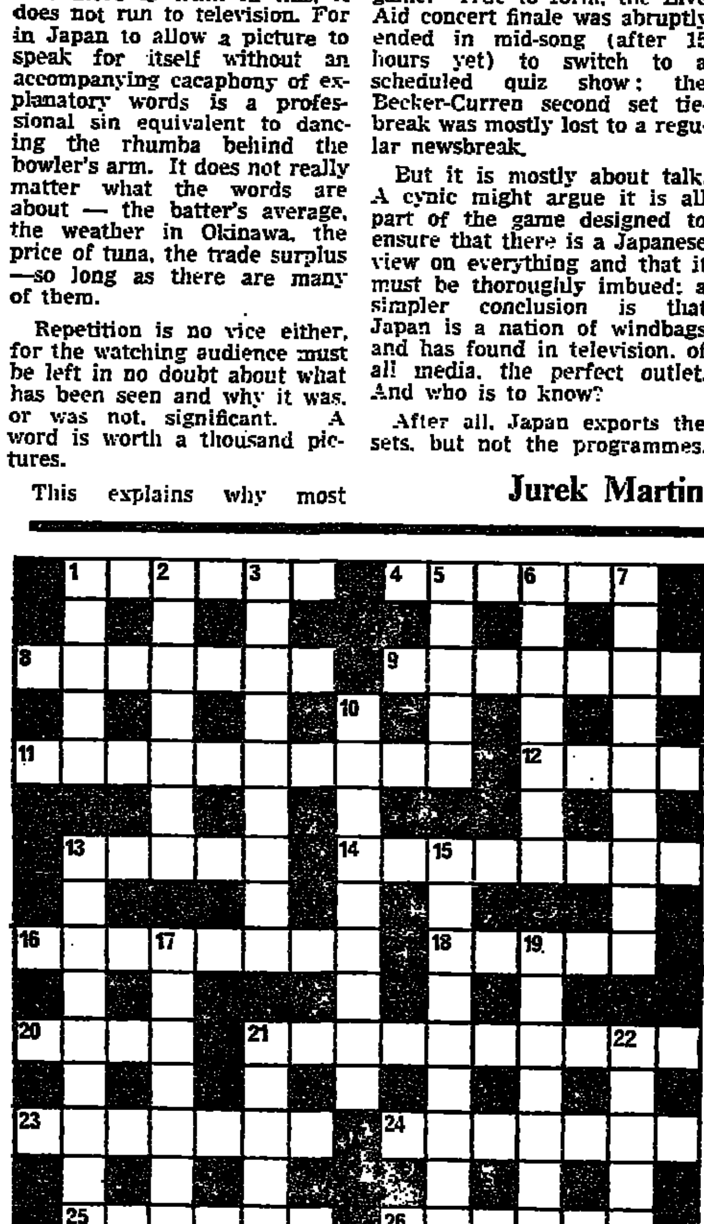
Courtney, who was available for only a few games last summer, has benefited from an apprenticeship on good Caribbean wickets, two West Indian tours and a desire to become Michael Holding's successor.

David, also black, but born in Gloucester, and therefore qualified to play for England, has less experience. He is raw, erratic and exciting, yet has already taken so many wickets that he might be selected against Australia this season. It would be a gamble and could harm his obvious potential.

The Yorkshireman Bill Athey is in his second profitable season with the county and has brought substance and determination to the batting line-up, while the composition of their team which knocked out Northants showed six changes from some who represented the county in 1984.

This infusion of new and improved talent has given a much needed confidence to the players so that they are now going on to the field, not just hoping to win, but expecting to do so, whereas in the closing stages of last summer one felt that for many the winter simply could not come fast enough.

Trevor Bailey



F.T. CROSSWORD PUZZLE NO. 5,780

Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

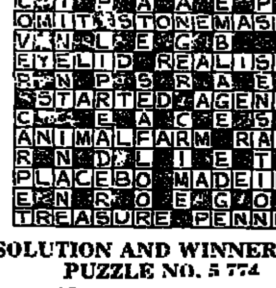
ACROSS

1 He's a measure of gold—bully 'un? (6)
4 She'll go out with the tide and perish outside (6)
8 He's in form at the wedding (7)
9 She keeps one right and left at start of year (7)
11 He wrote a hymn—jeers result (5, 5)
12 She's in the Bible—pity! (4)
13 He was a U.S. politician—Mander?—or Ford? (5)
14 She's a herb and flower girl (8)
16 He should be next to eldest, responsible for Urban District census (8)
18 She's a jewel (5)
20 He's a person of note (money) (4)
21 She brews evening ale (10)
23 He has to skip back—solver's to follow (7)
24 She's revolutionary a la Benn (7)
25 He takes part in slur on alderman (6)
26 She's a shrub, French article, on my right (6)

DOWN

1 Own round English tug (5)
2 Supplier of animal looking at two queens? (7)
3 Delighted, by Jove! Dye or alter (9)
5 Tone of the misshapen and outsize (5)
6 Live on river transport—should be across on the other side? (7)
7 Change at EEC with roll of voters? (9)
10 Morning, brothers! I have a pound of heavenly food (9)
13 Guard or gardener I may be (9)
15 New guys can be found in branch office (9)
17 Piece of junk at present on point X (7)
19 Inter nail upside down, being trustful (7)
21 Take the last piece—should be across on the other side? (5)
22 What's pleasant about the East is relative (5)

Solution to Puzzle No. 5,779



SOLUTION AND WINNERS OF PUZZLE NO. 5,774

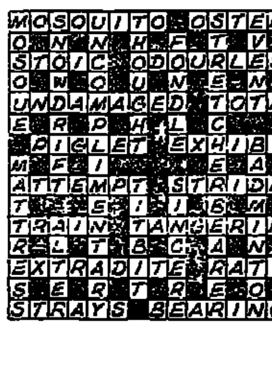
Ms Katherine Mendelsohn, 9 St Peters Grove, Hammersmith, London W6.

Mr F. W. Marston, 33 Cliff Drive, Canford Cliffs, Poole, Dorset.

Mrs S. Horton, Church Farm Cottage, Wellow, Nr Bath, Avon.

Mr Michael Greener, 33 Glan Hafran, The Knap, Barry, South Glamorgan.

Mr W. R. Farrer, 38 Reid Park Road, Newcastle upon Tyne, Tyne and Wear.



TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Saturday Picture Show. 11.15 Film: "Untamed Frontier," starring Shelley Winters. 12.30 pm-5.05 Grandstand, including Motor Sport (British Grand Prix), Volleyball, Racing from Ascot. 5.05 News. 5.15 Regional Programme. 5.20 The New Adventures of Wonder Woman. 6.05 Anything Goes. 6.50 Film: "Pleasure Palace," starring Victoria Principal. 8.25 Are You Being Served? 8.55 The Val Doonican Music Show. 9.40 News. 9.55 International Athletics. 10.40 Film: "Mixed Company," starring Joseph Bologna.

REGIONS

Wales—12.30-5.05 pm Grandstand, including Show Jumping from Crick. 5.15-5.20 Sports News Wales.

Scotland—5.15-5.20 pm Sport.

Northern Ireland—5.15-5.20 pm Northern Ireland News and Sport. 12.25-12.30 am Northern Ireland News.

England—5.15-5.20 pm London Sport. South-West (Plymouth) — Spotlight Sport and News. All other English regions — Sport and Regional News.

BBC 2

3.40 pm Film: "This Happy Feeling," starring Debbie Reynolds. 5.10 Film: "After the Fox," starring Peter Sellers. 6.50 News. 7.10 Cameo. 7.20 The Beaton Image. 8.25-1.30 am Blues Night. 8.30 Sonny Boy Williamson Sings. 8.45 The Blues According to Lightnin' Hopkins. 9.45 B. B. King Speaks. 10.15 B. B. King in Concert. 11.00 St Louis Blues. 11.20 Blues Medley II. 11.45 Chicago Blues. 12.30 am Studs Terkel Talks to Blind John Davis. 12.45 Blues Medley III. 1.05 Big Bill Blues.

LONDON

6.15 am TVam Breakfast Programme. 9.25 LWT Information. 9.35 Matt and Jenny on the Wilderness Trail. 10.00 Heroes and Sidekicks. 11.00 Cartoon Time. 11.15 The Champions. 12.15 pm World of Sport including 12.20 Wrestling, 12.45 News, Australian Pools Check, 12.50 Rock Climbing, 1.40 Racing from Newcastle, 1.55 Athletics (TSB WAAA Championships from Birmingham), 2.10 Racing, 2.25 Boxing (WBA light-welterweight championship from Italy), 2.45 Racing, 3.00 Athletics, 3.50 News, 4.00 Athletics, 4.50 Results. 5.00 News. 5.05 Cartoon Time. 5.15 Happy Days. 5.45 Just Amazing. 6.30 Kelly's Eye. 7.15 Bottle Boys. 7.45 Ultra Quiz '85. 8.45 News. 9.00 Film: "The Screaming Woman," starring Olivia de Haviland. 10.20 Athletics (The Dream Mile from Oslo). 10.40 News, followed by 20 Years on. 11.40 Peterborough Festival of Country Music. 1.10 am Night Thoughts.

CHANNEL 4

1.05 pm Nature in Focus. 1.30 Ever Thought of Sport? †2.00 Film. "Somewhere in Camp" starring Frank Randle. †3.40 "Night of a Thousand Eyes" starring Edward G. Robinson. 5.05 Brookside. 6.00 The World Games 1985. 7.00 News. Rejoice. 7.30 Opinions: Happy Families? 8.00 Tales from a Long Room. 8.15 Sanne. 8.45 The Optimist. 9.15 Fathers by Sons. 10.00 Hill Street Blues. 11.00 Rebellious Jukebox. †12.00 *Naked City. 12.55 am The Paul Hogan Show.

S4C WALES

1.20 pm Farming on 4. 1.50 The Art of Persuasion. 2.20 Fathers by Sons. 3.05 From the Face of the Earth. 2/5 Vaccine on Trial. 4.05 Film. "Chautauqua Girl" (1983) starring Janet-Laine Green. 6.05 The Medicine Men. 6.35 The Avengers. 7.35 Newyddion. 7.45 Dan ar y Sgrîn. 8.15 Y Rhyl. 9.00 Tandoori Nights. 9.30 Lou Grant. 10.25 Film: "His Girl Friday" (1940) starring Cary Grant.

REGIONS

IBA Regions as London except at the following times.

ANGLIA

9.25 am Cartoon Time. 9.35 Captain Scarlet and the Mysterons. 10.00 The Harlem Globetrotters. 10.25 Film. "Moon Zero Two," starring James Olsen. 5.05 pm Dreams. 5.35 Chips. 11.40 Live At City Hall. 12.40 At The End Of The Day.

BORDER

9.25 am Walt Disney Presents. 9.40 Freetime Special. 10.10 The Adventures of Gulliver. 10.40 Film: "Battle Beneath the Earth" starring Kerwin Matthews. 5.05 pm The Zodiac Game. 5.35 Knight Rider. 10.40 Film "Mackintosh Man" starring Paul Newman.

CENTRAL

9.25 am Walt Disney Presents. 9.40 Freetime Special. 10.10 Fangface. 10.40 Film: "Battle Beneath the Earth" starring Kerwin Mathews. 5.00 pm Film: "Planet Of The Apes" starring Charlton Heston. 10.40 Magnum. 11.40 The Commodores in Las Vegas.

CHANNEL

9.25 am Captain Scarlet and The Mysterons. 9.50 Puffin's Pla(i)ce. 9.52 Blockbusters. 10.25 Standby, Lights, Camera, Action. 11.20 Puffin's Pla(i)ce. 11.25 Tarzan. 5.05 pm Puffin's Pla(i)ce. 5.07 Connections. 5.35 Knight Rider. 10.40 Film: "10 Rillington Place" starring Richard Attenborough.

GRAMPIAN

9.25 am Cartoon. 9.30 Beathaichean Neonach. 10.00 Bits 'N' Pieces. 10.25 Sesame Street. 11.20 Chips. 5.05 pm Diff'rent Strokes. 5.35 Magnum. 10.40 Film: "The Last Hard Men" starring James Coburn and Charlton Heston. 12.30 Reflections.

GRANADA

5.25 am Sesame Street. 10.20 Cartoon. 10.30 The Groovy Ghoulies. 10.55 Captain Scarlet and the Mysterons. 11.20 Chips. 5.05 pm Diff'rent Strokes. 5.35 The 1,000 Plane Raid. 10.40 Film: "Triple Cross" starring Christopher Plummer. 1.10 Comedy Tonight.

HTV

9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Captain Scarlet and the Mysterons. †10.00 Fireball XL5. 10.25 Film: "Wholly Moses!" starring Dudley Moore. 5.05 pm Keep It In The Family. 5.35 Chips. 10.40 Film: "The Sellout" starring Richard Widmark.

SCOTTISH

9.25 am Cartoon Time. 9.30 Beathaichaean Neontach. 10.00 Bits 'N' Pieces. 10.30 Once Upon A Time . . . Man. 10.55 Freetime Special. 11.20 Chips. 5.05 pm The Smurfic Games. 5.35 The A-Team. 10.40 Film: "Mackintosh Man" starring Paul Newman. 12.30 Late Call. 12.35 Closedown.

TSW

9.25 am Captain Scarlet and the Mysterons. 9.50 Gus Honeybun's Magic Birthdays. 9.52 Blockbusters. 10.25 Standby, Lights, Camera; Acton. 11.20 Freeze Frame. 5.07 pm Connections. 5.35 Knight Rider. 10.40 Film: "10 Rillington Place," starring Richard Attenborough. 12.40 am Postscript.

TVS

9.25 am Cartoon. 9.35 Scooby Doo. 10.00 Batman. 10.25 Sealab. 20.20. 10.50 Dangerfreaks. 11.50 Do It. 5.10 pm Connections. 5.40 The A-Team. 11.40 Police Squad. 12.10 Paul Anka. 12.35 Company.

TYNE TEES

9.25† Morning Glory. 9.30 The Jacksons. 9.55† Young Lookaround. 10.00 Short Story Theatre. 10.30 Cartoon Time. 10.40 Just Amazing. 11.20 Chips. 5.05 pm The Smurfs. 5.30 Battlestar Galactica. 10.40 Simoqi and Simon. 11.40† Poet's Corner.

ULSTER

9.25 am Walt Disney Presents. 9.30 Freetime Special. 10.00 Sport Billy. 10.30 Indian Legends of Canada. 11.00 Cartoon Time. 11.20 Fireball XL5. 11.45 The Smurfs. 5.05 pm The Zodiac Game. 5.30 Battlestar Galactica. 11.40. Sports Results. 11.45 Genesis in America. 12.40 News at Bedtime.

YORKSHIRE

9.25 am Cartoon Time. 9.35 Scooby Doo. 10.00 Care Bears. 10.25 The Spirit of Malcom Miller. 11.20 Captain Scarlet and the Mysterons. 11.50 Happy Days. 5.05 pm Benson. 5.35 Chips. 10.40 Film: "The Mackintosh Man," starring Paul Newman.

RADIO

(S) Stereo broadcast

BBC RADIO 2

8.05 am David Jacobs (S). 10.00 Mark Wynter (S). 11.00 Album Time (S). 12.30 pm Castle's Corner (S). 1.00 The Grumbleweeds. 1.30 Sport on 2 including Athletics; Racing from Ascot: 2.35 The Princess Margaret Stakes, 3.20 King George VI and Queen Elizabeth Diamond Stakes; Cricket (Britannic Assurance County Cricket Championship); Golf (Dutch Open): 5.45 Racing Results. 5.50 Cricket Scoreboard. 6.00 Folk on 2. 7.00 Three In A Row. 7.30 Robert Mandell Family Concert Pops (S). 9.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Rhythm and Blues (S). 1.00 Steve Madden (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 10.30 Bach on Record. Part 2 of the St Matthew Passion. 11.00 Dvorak (S) Piano Trio in F minor, Op 65, played by the Borodin Trio. 11.50 Northern Sinfonia (S) Haydn, Poulenc, Brahms. 1.00 pm News. 1.05 Violin and Piano (S) Prokofiev and Stravinsky, played by Zvi Zeitlin and Clifford Benson. 2.00 Amsterdam Concertgebouw Orchestra (S) Sibelius, Brahms, Bruckner. 4.00 Peter Donohoe (S) Piano recital: Beethoven, Bartok, Schubert. 5.00 Jazz Record Requests (S). 5.45 What the Critics Said. 6.35 Music For the Iron Voice (S): Frescobaldi's Messa delli Apostoli. 7.30 Proms 85 (S): BBC Welsh Symphony Orchestra: Haydn, Mozart (Piano Concerto No 12, with Hans Levgraf). 8.20* A Memorable Scene. 8.40 *Proms 85 (S): Daniel Jones, Hindemith. 9.30 Now and Then (S). Chamber music by The Sheba Sound and the Gagliano String Trio: attrib Handel, Malcolm Lipkin, Alessandro Besozzi; 10.10 *Interval Reading. 10.15 Part 2: Elizabeth Maconchy, Mozart, Jonathan Harvey. 11.00 Mendelssohn (S): Chamber music on records. 11.57-12.00 News.

BBC RADIO 4

7.00 pm News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.48 Yesterday in Parliament. 9.00 News. 9.05 After Henry. 9.35 Bolshoi Tyshinsky No 26. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News: A Small Country Living. 12.27 pm Quote . . . Unquote (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 The Afternoon Play. 3.00 Radio Active (S). 3.30 The Plain People. 4.15 Words By Hart. 4.45 The Uncommon Touch. 5.00 Wildlife (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.25 With Great Pleasure (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Animal Language (S). 11.00 Science Now. 11.30 The Million Pound Radio Show (S). 12.00 News.

SUNDAY

† Indicates programmes in black and white

BBC 1

8.55 am Play School. 9.15 Knock! Knock! 9.30 This Is The Day. 10.00-10.30 Asian Magazine. 12.10 pm See Hear! 12.35 Farming. 1.00 News. 1.05 Bonanza. 1.55 Cartoon. 2.00 EastEnders. 3.00 Film: "With Six You Get Eggroll." Starring Doris Day. 4.30 Holiday Air 85. 5.30 The Rock 'N' Roll Years. 6.00 Watchdog. 6.30 News. 6.40 Home On Sunday. 7.15 Film: "Packin' It In." Starring Richard Benjamin. 8.45 News. 9.05 Honeymoon. 10.20 Choices. 10.55 The Rise And Fall Of King Cotton. 11.25 The Sky at Night.

BBC 2

1.55-6.50 pm Sunday Grandstand including volleyball and cricket. 6.50 News Review. 7.15 An Actor's Life For Me. 7.50 Top Crown. 8.35 The Book Game. 9.05 The Two Ronnies. 9.55 Film: "The Hustle," Starring Burt Reynolds. 11.50 Music At Night.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Roger Ramjet. 9.45 Pumpkin Puss. 10.00 Morning Worship. 11.00 Getting On. 11.30 In The Mouth Of The Dragon. 12.00 Take 30. 12.30 pm Jobwatch. 1.00 The Smurfs. 1.30 Groovy Ghoulies. 2.00 News followed by Film: "Black Beauty." Starring Mark Lester. 4.00 Survival Of The Fittest. 4.30 Pretenders. 5.00 Survival. 5.30 The Baron. 6.30 News. 6.40 Appeal. 6.45 Mary O'Hara And Friends. 7.15 Winner Takes All. 7.45 Murder, She Wrote. 8.45 News. 9.00 Connie. 10.00 Tales Of The Unexpected. 10.30 The Jimmy Young Television Programme. 11.15 News followed by American Documentary. 12.10 am Night Thoughts.

CHANNEL 4

1.05 pm Irish Angle. 1.30 Face the Press. 12.00 Film: "Jack Of All Trades," starring Jack Hulbert. 3.25 Film: "The Vagabond King," starring Kathryn Grayson. 5.05 Shades of Green. 5.15 News, followed by The First Christian. 6.15 The World Games 1985. 7.15 Heritage. 8.15 People to People. 9.00 American Short Story. 10.00 Ailsa. †10.15 Film: "The Sea Of Grass," starring Spencer Tracy and Katharine Hepburn.

S4C WALES

1.45 pm Union World. 2.15 Gardeners' Calendar Roadshow. 2.45 Wales: Landscape and Legend. 3.15 The First Christian. 4.15 The Winds of War. 6.15 The World Games 1985. 7.25 Newyllion. 7.30 Dawn Dweud. 8.00 Pwy Sy'n Perthyn? 8.30 Mwynhau'r Pethe. 9.00 Byd Cerdd. 9.50 Octopus—Power of the Mafia. 11.05 People to People. 11.50 Rejoice.

REGIONS

IBA regions as London except at the following times:

ANGLIA

9.30 At Home with. . . . 1.00 pm Mr Smith. 1.25 Weather. 1.30 Farming Diary. 2.00 Sunday Cinema: Film: "The Iron Maiden," starring Michael Craig. 3.45 Just Amazing! (rpt.). 5.00 Short Story Theatre. 5.30 Bygones. 6.00 For Valour. 11.15 T. J. Hooker. 12.15 The Bible for Today.

BORDER

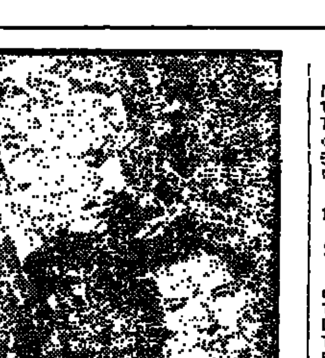
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Survival—Drought of the Century. 1.30 Farming Outlook. 2.00 Film: "High Treason." 3.45 Just Amazing. 5.00 Whose Baby? 5.30 Hardcastle and McCormick. 11.15 Retirement Report.

CENTRAL

9.25 am The Wonderful World of Professor Kitzel. 9.30 In the Mouth of the Dragon. 11.30 Gardening Time. 1.00 pm Captain Scarlet and the Mysterons. 1.30 The Adventurer. 2.00 Film "The Iron Maiden" starring Michael Craig. 3.45 Just Amazing! 5.00 Now You See It. 5.30 The A-Team. 11.15 Country Music Special.

CHANNEL

12.26 pm Starting Point. 12.30 Link. 1.00 Gardens for All. 1.30 Airplanes, Men and Memories. 2.00 Film. "The Wrong Arm of the Law" starring Peter Sellers. 3.45 Just Amazing! 5.00 Cartoon Alphabet. 5.30 Puffin's Pla(i)ce. 5.33 The Fall Guy. 11.15 Quincy.



Spencer Tracy and Katharine Hepburn—Channel 4, 10.15

GRAMPIAN

9.25 am Cartoon. 9.30 Captain Scarlot. 10.00 Sesame Street. 1.00 pm Farming Outlook. 1.30 Survival. 2.00 Documentary. 2.30 Looks Familiar. 3.15 A Day in the Life of Beryl Cook. 3.45 Just Amazing! 4.30 Pretenders. 6.00 Fangface. 5.30 Scarecrow and Mrs King. 11.15 Les Miserables. 12.15 am Reflections.

GRANADA

9.25 am Miniature Chess Masterpieces. 9.35 The Human Face of the Pacific. 11.25 Asp Kea Hak 11.25 Down to Earth. 1.00 pm Battlestar Galactica. 2.00 Film: "Macarthur—the Rebel General," starring Gregory Peck. 4.20 Cartoon. 5.00 Cartoon Time. 5.15 Just Amazing. 6.00 The Zodiac Game. 11.15 Film: "Death Stalk," starring Vince Edwards.

HTV

9.25 am Adventures of the Mouse on Mars. 9.30 Once Upon a Time . . . Man. 1.30 pm West Country Farming. 2.00 The Protectors. †2.30 Film: "The League of Gentlemen." 5.00 That's My Boy. 5.30 Falcon Crest. 11.15 Travelling Man.

HTV Wales—As HTV WEST except—1.30-2.00 Royal Welsh 1985.

SCOTTISH

9.25 am Cartoon. 9.30 In the Mouth of the Dragon. 10.00 Sesame Street. 11.30 Wells Cathedral. 1.00 pm Dreams. 1.30 Farming Outlook. 2.00 That's The Spirit. 2.30 World Famous Fairytales. 2.45 Hardcastle and McCormick. 3.45 Just Amazing! 5.00 Comedy Tonight. 5.30 Return of the Saint. 11.15 Late Call. 11.20 The New Avengers.

TSW

9.25 Getting On. 11.00 In the Mouth of the Dragon. 11.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens For All. 1.30 Airplanes, Men and memories. 2.00 Film: "The Wrong Arm of the Law." 3.45 Just Amazing. 5.00 Cartoon Alphabet. 5.30 Gus Honeybun's Magic Birthdays. 5.33 The Fall Guy. 11.15 The South West Week. 11.45 Benson. 12.10 am Postscript.

TVS

9.25 am Woody Woodpecker. 9.35 Fangface. 1.00 pm Agenda. 1.30 Levkas Man. 2.30 Film: "Bhowani Junction," starring Ava Gardner. 5.00 Dreams. 5.30 Hart to Hart. 11.15 Lifeline. 12.15 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Getting On. 11.00 In the Mouth of the Dragon. 11.25 Lookaround. 11.30 Captain Scarlet and the Mysterons. 1.00 Farming Outlook. 1.30 Celebration. 2.00 Film: "The Sundowners," starring Robert Mitchum. 5.00 Now You See It. 5.30 Magnum — Tran Quce Jones. 11.15 Britannia. 11.45 Epilogue.

ULSTER

12.58 pm Lunchtime News. 1.00 Robert White Sings the American Songbook. 1.15 Brass in Concert. 2.00 Film: "The Iron Maiden," starring Michael Craig. 3.45 Just Amazing. 5.00 Diff'rent Strokes. 5.30 The Love Boat. 11.15 Sports Results. 11.20 Festival Folk. 11.45 News.

YORKSHIRE

9.25 Weather, followed by Getting On. 11.00 In the Mouth of the Dragon. 11.30 Farming Diary. 1.00 pm A Land, A Man, A God. 1.30 The Smurfs. 1.45 The Champions. 2.45 Film: "Disaster on the Coastliner," starring Lloyd Bridges. 5.00 The Zodiac Game. 5.30 Cartoon Time. 5.45 Just Amazing. 11.15 Runaway: Where Are They Now. 12.15 am Five Minutes.

RADIO

(S) Stereo broadcast

BBC RADIO 2

7.30 am Roger Royle (S). 9.00 Melodies For You (S). 11.00 Desmond Carrington (S). 1.00 pm John Dunn Presents Two's Best (S). 2.00 Stuart Hall's Summer Sounds: Golf: The Dutch Open. Cricket. 6.30 Don McLean. 7.30 Cricket Scoreboard. 7.35 Glamorous Nights. 8.30 Sunday Half-hour. 9.00 Jack Brymer. 10.05 Songs from the Shows. 10.45 Laurie Holloway. 11.00 Sounds of Jazz, (S from midnight). 1.00 am Steve Madden (S).

BBC RADIO 3

7.00 am News. 7.05 Walter Gieseking, songs and chamber music by Mozart. 8.00 Bach Cantatas 1724 Now 178 (S). 8.25 French Music for Wind Instruments Poulenc, Arrieu (S). 9.00 News. 9.05 Your Concert Choice. Record requests: (S). 10.45 Prom Talk. 11.15 Chicago Symphony Orchestra, Kubelik. Part 1: Britten (Sinfonia da Requiem). Ravel (Le tombeau de Couperin) (S). 11.55* Words. 12.00* Chicago So. Part 2. Roussel (Symphony No. 3) (S). 12.30 pm Christian Zacharias. Piano recital: Mozart, Stravinsky (S). 1.20 Andreas Romberg and Heinrich Baermann, Chamber music with solo clarinet (S). 2.00 Don Giovanni, Mozart's opera on records (3.35-3.45 Interval Reading) (S). 5.15 A Trace to Terror. 6.00 Music for Two Pianos, Poulenc, Elis Pehkonen, Saint-Saens played by Martin Jones and Richard MacMahon (S). 6.45 Death, Play by Woody Allen (S). 7.30 Proms 85, European Community Youth Orchestra in Mahler's Symphony No. 2 (S). 9.00 Franck, Brahms and Prokofiev, Piano recital by Barbara Nissman (S). 9.40 Beethoven Quartets, played by the Vermeer String Quartet: Op. 127; 10.20* Interval Reading: 10.30* Op. 18 No. 5 and Op. 95 (S). 11.30 Frank Martin. A Czech performance of the Petite Symphonie Concertante (S). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 Apna Hi Ghar Samajhiye. 7.45 Bells. 7.50 Turning Over New Leaves. 7.55 Weather; Travel. 8.00 News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 The Colour Supplement. 12.55 Weather. 1.00 pm The World This Weekend. 1.55 Shipping Forecast. 2.00 Family Firm. 2.30 The Afternoon Play: I Claudius by Robert Graves (S). 4.00 Heritage. 4.30 The Living World. 5.00 News. 5.05 Down Your Way. 5.55 Weather. 6.00 News. 6.15 Treasure Islands. 6.30 A Good Read. 7.00 Lord Jim. 7.30 In the Psychiatrist's Chair. 8.05 Law in Action. 8.30 Don't Fuss. 9.00 News: Kidnapped and Catriona (S). 10.00 News. 10.15 Bonds; Not Shackles. 11.00 The Play's The Thing (S). 11.15 Inside Parliament. 12.00-12.15 News; Weather.

Solution to Chess No. 578

1 Q-R4 (threat 2 R-KR3), N-N1 (if N-N3; 2 QxBP ch, K-N1; 3 N-B5! wins); 2 R-KN3, Resigns. The winning threat is 3 Q-N4, while if 2 . . . P-B4; 3 Q-N5.